



## Furious Soviet Reaction to Massacre May Reflect Its Impotence in Middle East

By Serge Schmemann  
*New York Times Service*

MOSCOW — In the hue and cry over the massacre in Beirut's Palestinian camps, few voices have sounded as shrill and furious as Moscow's. In statements by Soviet leaders and in the press, the killings have been likened to the Holocaust, unbearably gory. Israel has been damned to suffer the scars of the heinous crime and Washington has been held to count as an accomplice.

To Western diplomats, however, the polemics have underscored Moscow's apparent helplessness during a rout of its Arab clients, in the diplomatic aftermath of even against the impudent Israeli side trip through a Soviet Embassy compound in West Beirut. President Leonid I. Brezhnev seemed capable of little or than reminders to Arab leaders of past Soviet support and of telegrams to the Palestine Liberation Organization chairman, Yasser Arafat, cautioning against U.S. motives.

To some Western diplomats, the sight of Russians sides in the Middle East conjured up images of an aged leadership, incapacitated by a stagnant economy at home and locked into bankrupt policies and extravagantly expensive ventures abroad, relegated to venting impotent

rage and poking through the rubble of Beirut for political advantage.

To scan the world from the vantage of the Kremlin battlements to demand the return of the Kuril Islands and China pursue its opening to the West. Vietnam is costing millions to sustain and Cambodia remains unpacified.

In Afghanistan, 100,000 Soviet troops seem checked by

### NEWS ANALYSIS

bands of mountain men. Moscow's former allies in Iraq are finding with potential allies in Iran, and in the Middle East even the Syrians seem to put more stock in Washington's leverage than in their sworn Soviet friends.

The African allies gained through the 1970s — Ethiopia, Mozambique, Angola — seem to have evolved into unproductive drains on Soviet resources. And in the United States, a conservative administration has seemingly failed to follow the course toward accommodation with Moscow.

Perhaps the brightest spot on the Soviet horizon is Western Europe and its wrangles with Washington. But the view is somewhat marred by the economic chaos and continuing resistance in Poland, by the nagging inde-

pendence of the European communists and by the apparent awareness that in the end the Western alliance will probably survive internal arguments.

Western analysts who offer this bleak view of the Soviet position track its development from the 1970s, when Russia pushed to militarily align with the West, the economy grew at a steady rate of 4 percent, the United States seemed shackled by the upheavals of Vietnam and Watergate, détente carried the promise of Western technology and respect, and Marxist ideology appeared to hold an irresistible allure for developing nations.

But an alarmed West began its own nuclear modernization programs in the late 1970s, the Soviet economy slowed by half. Western sanctions and the lessons of a bankrupt Poland dimmed the allure of détente, and the attractions of Soviet-style communism waned as a model of development among Third World nations.

The military intervention in Afghanistan in the last days of the 1970s seemed an appropriate conclusion to the decade, pointing to the need for force to prop up a Marxist regime and touching off an unusual outcry against the Soviet Union among what it had called its "natural allies in the Third World."

Western analysts who see a Soviet foreign policy in retreat usually note the added problems of an incipient

power struggle in the Kremlin, a process presumed to hinder development of new policies or the jettisoning of discredited presumptions.

But the Kremlin has a way of confounding Western analyses, and there is a parallel school of thought in Moscow not yet prepared to accept as fact the erosion of Soviet foreign policy.

Soviet impotence in the Middle East, people of this school contend, can also be viewed as calculated restraint based on recognition of the dangers of plunging into a losing fray and as a demonstration of the continued belief, which is shared by some Western diplomats here as well, that a solution to the Arab-Israeli feud must eventually include Moscow.

Reports that the Soviet Union has begun to replace arms lost by Syria suggest expectations of a continued Council of Ministers for any future peace may be encouraging for the Russians.

Elsewhere, the Soviet view likewise may be less bleak than commonly presumed. The tentative exchanges of overtures with Beijing mark an advance over past tensions, and Moscow's grip on Indochina, while costly and incomplete, does not seem seriously challenged.

Trade with India is flourishing, and even in Afghanistan there is no hard evidence that the Russians are balk-

ing at the diplomatic or military cost of a long campaign.

There is every sign that the Russians were greatly relieved at being spared the need to intervene in Poland, and press commentators have noted with satisfaction the limited popular response to Solidarity's calls for demonstrations last month.

In Europe, Soviet propagandists are vigorously pursuing their campaign to mobilize public opinion against deployment of new U.S. medium-range nuclear missiles and the Siberia-to-Europe natural gas pipeline is viewed as something of a triumph for the Russians.

On the home front, analysts in Moscow share Washington's view of a nation exhausted by shortages and repression or paralyzed by a power struggle, but diplomats generally agree that Russians seem to have an incisive capacity to tighten their belts ever further, and disarray with shortages of consumer goods or food have been known to extend much beyond localized grubstabs.

The Kremlin's perception of its standing in the world is difficult to glean because of the secrecy surrounding SoVIet leaders and because of propaganda. The one front on which most analysts are confident here is that for all talk of shifting to a "Eurocentric" policy, the Soviet leaders seem constant in their assessment of Washington as the key to any real changes in the balance of power.

## Sharon Links Killing of Gemayel to Syrians and Some Phalangists

By David K. Shipley  
*New York Times Service*

TEL AVIV — Defense Minister Ariel Sharon said Wednesday that formation obtained by Israel linked to Syrian involvement in the assassination of Bashir Gemayel on Sept. 14, nine days before he is to be inaugurated as Lebanon's president.

On a French radio interview program recorded here, Mr. Sharon also said that local Lebanese apparently had a hand in the plot at the Phalangist Party headquarters in Beirut that killed Mr. Gemayel and a score of other Islamists.

Another Israeli source with convictions in the military said the Lebanese were believed to have been Phalangists who knew the layout of the building and had initiated details of Mr. Gemayel's schedule of meetings.

The huge explosive charge, apparently detonated by remote control, seemed to indicate that highly trained professionals were responsible, the Israeli said.

The assassination of Mr. Gemayel led to the entry of Israeli troops into West Beirut and then the massacre by Phalangist militiamen of hundreds of Palestinian men, women and children in two refugee camps.

"We do not know who killed Mr. Gemayel," Mr. Sharon said. "But as far as we know by now, it could be in a way connected with Syrians and some local Lebanese, but connected with the Syr-

iens. That's what we know by now."

Mr. Sharon found himself on the defensive about the massacre throughout much of the questioning, which was conducted by a panel of journalists. The program was scheduled for broadcast on the Europe One station Wednesday night.

The defense minister's appearance on the program caused considerable controversy in France, where Israel has been excoriated for its role in Lebanon. Some of the interviewers, mostly French editors and commentators, said they had been called by friends who asked how they could agree to see

### 2 Insurgents Die In Burma Attack

Reuters

RANGOON, Burma — Two insurgents were killed and three were captured. Tuesday night when heavily armed secessionists attacked the main radio station and a police station here, Burma's state radio said Wednesday. Officials said 18 persons, including eight civilians, were wounded in the attack and a subsequent shoot-out between the rebels and security forces.

The officials identified one of the dead as the leader of the Karen National Union, Maung Ngwe Aung, who had been sentenced to death in 1977 for his part in a plot to kill several Burmese leaders.

### ADOPTION SERVICES

We are a licensed adoption agency now accepting applications for adoption of children born in the U.S.A. For information, please write or call:

**FRIENDS OF CHILDREN, INC.**  
4325 Memorial Drive  
Decatur, Georgia 30032, U.S.A.  
Telephone: (404) 294-9000.

### The Meurice in Paris: one of the world's top twenty hotels.\*

\*Herald Tribune (May 82)  
quoting an  
Institutional Investor survey.

Walk in through our new entrance on Rue de Castiglione to shades of old rose and buttercup yellow, a multiplicity of mirrors, rare flowers arranged in dazzling bouquets, the Salon Pompadour, Salon des Quatre Saisons, Salon des Tuileries: gleaming chandeliers, the delicate luster of fabrics and the sober elegance of period furniture...

The bar has been redecorated, transformed by precious lacquers, turquoise and red cashmere and

The restaurant reopens in October. A magnificent stained-glass window, in Nature's rich colors, dominates a fantasy garden setting in shades of green, Sienna, lilac and mauve. A perfect counterpoint to the fine white porcelain, the glint of silverware and the formal elegance of the diners.

The Meurice.  
The Stately Home of Paris.



**HOTEL MEURICE**  
AN INTER-CONTINENTAL HOTEL

6, rue de Castiglione, 75001 Paris-France — Tel.: 260 3860



A Lebanese boy tried on a U.S. Marine helmet Wednesday as he greeted a member of the newly arrived peacekeeping force.

## U.S. May Leave Agency Over Barring of Israel

*The Associated Press*

WASHINGTON — The State Department is going to consider withdrawing from the International Atomic Energy Agency because of the agency's suspension of Israel's credentials for this year's meeting, an official said Wednesday.

Mr. Sharon also said that he welcomed the investigation decided upon Tuesday by the cabinet, and at one point he seemed to hint that if the judicial commission of inquiry found him culpable he might resign.

"I hope that no one will be found guilty," he said, "but if anyone is found guilty, I will take upon myself the responsibility."

Prime Minister Menachem Begin was reported by Army Radio to have said that as prime minister he would shoulder whatever responsibility Israel should bear.

We will study the entire range of options, not excluding withdrawal," James P. Devine, deputy assistant secretary of state for nuclear energy and energy technology, told the Senate Foreign Relations Committee.

But the president of the American Nuclear Society recommended caution in reacting to the slap at Israel, which prompted a U.S. walkout from the international meeting in Vienna on Friday.

"I hope we do not overreact," L. Manning Muntzing told the committee. Any action we take that makes more difficult the future work of the agency will, in my considered opinion, be at variance with our own interests."

Mr. Devine and Mr. Muntzing testified at a hearing on steps to stem the spread of nuclear weapons.

**Allegation of Genocide**  
The 110-member agency voted 41-39 on Friday to bar Israel from the remainder of its meetings for "genocide perpetrated against the Palestinian people."

The U.S. delegation then walked out and announced that it would "reassess" its policy regarding American participation in the IAEA and its activities because the organization had become political.

Mr. Devine said the reassessment has begun. In addition to considering withdrawal, he said, the department would study other actions, including reducing its financial support.

Mr. Muntzing said a cutoff of U.S. funds in 1983 "would cripple IAEA in its work as the official monitor of the nuclear nonproliferation treaty."

"The chances of developing any alternate for that role are now nil," Mr. Muntzing said.

**No Alternative Seen**  
In questioning by committee members, Mr. Devine agreed that the agency's safeguards were "absolutely critical" that it would be a "total disaster for our nonproliferation policy" if they were dismantled and that he saw no realistic alternative to them.

But, he said, "We hope that the actions we took and will be taking in the days and weeks ahead will send a signal to those who wish to politicize the agency."

Mr. Devine said the United

States would consider reducing its participation in meetings sponsored by the agency and "what actions might be taken against those specific members responsible for what happened last week."

The resolution expelling Israel was introduced by 12 Arab and African countries and was opposed by France, West Germany, Britain, Sweden and other industrialized Western nations.

Mr. Devine said the United States would scale down its participation in agency activities while the reassessment was under way.

Israel has turned down the president's plan and Mr. Ghali urged it to drop its "rejectionist attitude."

There was a touch of irony in this phrase. Countries like Algeria,

At the same time, the president firmly refused to retreat from the third year of his tax cut, which is due in July 1983, and he ruled out tax increases next year.

Many economists and some of Mr. Reagan's own advisers think he will have to accept another tax increase next year to reduce deficits and finance his military buildup. Mr. Reagan in a later question referring to his promise not to raise taxes said that the earlier remarks had represented only his "personal feeling" on taxes.

**Democrats Attacked**

Reuters reported from Richmond, Virginia, that Mr. Reagan, addressing a Republican Party rally Wednesday, said Americans suffered their worst economic reversal since the Depression while President Jimmy Carter was in office from 1977 to 1981.

The president, attempting to lay the groundwork for what may be more bad economic news in the weeks ahead, suggested that one bad month would not stand in the way of a recovery. "You've got to remember these figures are a little volatile," he said, motioning with his hands. "You look at what is a chart line and there are dips in it ... and it may show a dip, but that will be a glitch."

Mr. Reagan expressed confidence that the economy was "going around the corner or the curve" toward recovery. Asked if he would reconsider his economic strategy if unemployment continued to rise, the president responded with a firm rejection of the "artificial programs that make for dead-end and temporary jobs as we've had in the past."

"They don't last, they aren't permanent, and they also just delay the bringing back of the solid base to the economy," he said in rejecting a Democratic proposal to create 200,000 public-works jobs.

Making a plea instead for the job-training bill awaiting final congressional approval, Mr. Reagan said the legislation would provide 70 cents of each dollar spent for job training, compared with 20 cents in previous such programs. And he emphasized his belief that jobs are plentiful for those who

have the right training.

"It is a clear choice: whether we will continue on our sure and steady course to put America back on the track or whether we'll slide back into another economic bungle like the one that left us with today's pounding national hangover," he said.

**Vandalism Is Reported Against Tunisian Jews**

*Reuters*

TUNIS — Stores and houses belonging to Tunisian Jews were looted or set ablaze in a small southern town Monday as the residents observed Yom Kippur, reliable sources said Wednesday.

Police intervened and arrested several youths during the incidents at Bengardane, near the Libyan border, but there were no causal-

## Egyptian, at UN, Urges the U.S. To Press Israel to Leave Lebanon

By Bernard D. Nossiter  
*New York Times Service*

UNITED NATIONS, New York

— Egypt, the one Arab nation formally at peace with Israel, has urged the United States to press Israel to withdraw from Lebanon.

Butros G. Ghali, Egypt's minister of state for foreign affairs, said Tuesday in a speech to the UN General Assembly that Israel's continued presence was an illustration of the "arrogance of power" and would "intensify the waste and destruction" in Lebanon.

"We urge the U.S., the superpower which is providing Israel with the wherewithal of power and the means of life, to promptly restrain Israel as President Eisenhower did in 1957," the Egyptian official said.

He was alluding to a time when Dwight D. Eisenhower persuaded Israel to abandon the Egyptian territory it had seized after its 1956 assault with France and Britain on the Suez Canal.

Mr. Ghali's message, noteworthy chiefly because it was delivered publicly, echoed pleas that Cairo has addressed in private to Washington.

While all foreign forces should leave Lebanon, Mr. Ghali said, Israel must go unconditionally. Israel has insisted that it will pull out its troops only when the Syrian and Palestine Liberation Organization forces withdraw.

Mr. Ghali repeatedly stressed the importance of the U.S. role. He described President Ronald Reagan's Middle East proposal as the "foremost positive development" in the area, saying it contained "many positive elements." The Egyptian official said this was one more reason why "the U.S. is urged to take a firmer stand."

But Mr. Ghali made clear there was a significant difference between the Egyptian and U.S. positions. Mr. Reagan said that he could not support an independent Palestinian state, while Mr. Ghali said that "ultimately it is inevitable" that the Palestinians should have the right to create their own state.

Israel has turned down the president's plan and Mr. Ghali urged it to drop its "rejectionist attitude."

There was a touch of irony in this phrase. Countries like Algeria,

Iraq, Libya, South Yemen and Syria are termed "rejectionist" because they have said they will never recognize Israel.

The Egyptian aide urged the PLO to consider a proposal by France and Egypt calling for mutual and simultaneous recognition of Israel and the Palestinian group.

This, he said, could open the way for Washington to negotiate with the PLO.

The PLO's growing diplomatic stature was indicated by the foreign minister of Denmark, Uffe Ellemann-Jensen. He said he had

been instructed by the 10 members of the European Community to meet on Friday with Farouk Kaddoumi, the foreign

## Argentine Military, Weakened, Is Now Criticized Publicly

By Jackson Diehl  
Washington Post Service

**For First Time, Many Are Speaking Out on Abductions**

BUENOS AIRES — The reopening of investigations into two alleged political assassinations has led to an open outpouring of accusations and criticism against Argentina's military forces for the violent campaign against its opponents in the 1970s.

In what appears to be the beginning of a long-delayed national debate over the military government's activities, several former public officials have spoken out on the cases of two Argentine diplomats who were abducted in separate incidents while working for the government. Family members and human rights groups have linked military forces to both cases.

The accusations and the publicity have prompted a federal judge to reopen the case of Elena Holmberg, a former official of the Argentine Embassy in Paris, whose body was found in a river near Buenos Aires in December 1978.

It has also been reviewed by a federal judge that is reviewing the

case of a former ambassador to Venezuela, Hector Hidalgo Sola, who was abducted in 1977 in Buenos Aires. Mr. Sola is presumed dead, although his body has not been found.

Both cases have been investigated previously, but the new inquiries have caused widespread controversy and the first public airing in Argentina of evidence said to link the military to political assassinations and "disappearances."

### Describing Prisoners

Newspapers have begun describing secret prisons used by the military and have named several officers said to have been involved in assassinations. Family members, politicians and journalists have also strongly renewed calls for investigations of other disappearances unreviewed since the 1970s.

After three weeks of such outcries, the ruling military junta has reacted by prohibiting state-controlled television and radio stations from broadcasting

further reports of the Holmberg and Sola cases or of disappearances in general.

In a signal of the armed forces' concern over their weakened political position, the edict Friday also banned discussion of other recent allegations of government corruption and criticism of the military invasion of the Falkland Islands in April.

The outburst of discussion of the estimated 6,000 to 15,000 disappearances in Argentina since the 1976 military coup is regarded by both government and political leaders as crucial to the fate of the government and its plans to return Argentina to some form of democracy by early 1984.

While the armed forces remain politically divided, they are nearly unanimous in a determination to avoid investigations of their actions against leftist guerrillas and other activists from 1976 to 1979, according to a variety of sources. Military officials have said they are preparing an amnesty law that would

excuse "excesses" but they have declined to elaborate.

Members of the three-man junta and President Reynaldo Bignone have encouraged the new court investigations and have said all evidence of crimes should be handled by the civil courts, which in the past have failed to take action in disappearance cases.

The new furor has been encouraged by the public statements of former high military government officials. So far, the military man most threatened by the controversy is a former Navy commander-in-chief, Emilio Massera, a member of the first junta following the military takeover.

Admiral Massera and the naval security forces he managed have been linked to both the Holmberg and Sola cases by several former government officials, and human rights groups have provided the investigating courts with corroborative testimony by survivors of a clandestine prison operated during Admiral Massera's command at the Naval Mechanics School in Buenos Aires.

## Diplomats Hope Talks in Canada Will Help Lessen NATO Tensions

By Robert  
BRUSSELS — The ministers will also review increased vigilance and efforts to build up defenses in spite of the economic crisis, the diplomats said.

Beside causing strains with alliance, they added, changes in perception could give leaders into renewed efforts to drive a wedge between the Soviet Union and its allies.

The ministers are also expected to discuss what is described as the great truce in the relationship with Moscow to the benefit of both sides. That approach, in contrast to President Ronald Reagan's, is coupled with

**Senate Panel Backs Ex-Newsman for Ranking U.S. Post**

The Associated Press

**WASHINGTON** — The Senate Foreign Relations Committee has approved Richard R. Burt, a former reporter for the New York Times, for a high-ranking State Department job despite a dispute over a news story he wrote in 1979.

Senator Jesse Helms, Republican of North Carolina, was the only member of the panel to vote against the recommendation that the full Senate confirm Mr. Burt as assistant secretary of state for European affairs.

Senator Helms said Mr. Burt had "engaged in a prima facie violation of the law" by using classified information in a June 29, 1979, story about plans for verification of the second strategic arms limitation treaty. That treaty, which has not been ratified, was then pending before Congress.

Other committee members said that if there was a violation of the law, it was committed by the unknown government employee who provided Mr. Burt with the information. At his confirmation hearing Sept. 15, Mr. Burt said decisions on whether to publish material that might have come from classified documents were made by Times editors in Washington and New York.

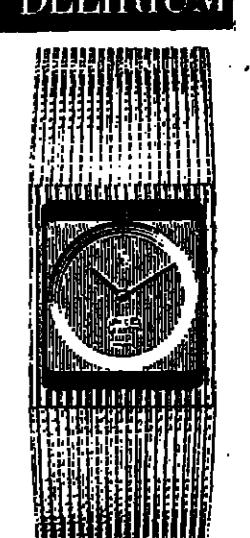
Mr. Burt was a reporter in the Washington bureau of The Times from 1977 to 1980. He has since been director of the State Department's Bureau of Politico-Military Affairs.

**U.S. Conducts Nuclear Test**

The Associated Press

**LAS VEGAS** — An underground nuclear weapons test was conducted early Wednesday at a Nevada test site, the Department of Energy announced. It was the 17th announced test at the Nevada site this year, compared with 17 for all of 1981.

**CONCORD DELIRIUM**



The thinnest water-resistant quartz watch in the world. Concord Watch Company, 66, rue Centrale, CH-1202 Bülach, Switzerland.

## U.S. Government Facing New Crisis Over Stopgap Funds

By Helen Dewar  
Washington Post Service

**and still meet the deadline of midnight Thursday.**

That was true even though at least one provision, to strip the Federal Trade Commission of authority over doctors and other members of state-regulated professions, was laid aside in hopes of speeding passage of the spending measure.

The problem for Congress is that it has yet to pass any appropriations bills for the new fiscal year starting Friday. Spending authority for all government agencies runs out at midnight Thursday.

Congress frequently goes down to the wire on interim spending bills but muddles through in the

end, causing only minor disruptions in the government. However, last year the government was shut down for a day when Congress and President Ronald Reagan deadlocked over stopgap spending authority and the deadline was missed.

This time congressional leaders believe they can avoid a veto if a satisfactory compromise can be reached with Mr. Reagan on military spending levels. The more immediate problem is 40 proposed Senate amendments, including some so controversial that senators refused to give unanimous consent to move ahead with the bill in advance of its normal schedule.

Among them was a proposal from Senator Jesse Helms, Republican of North Carolina, to prohibit use of compulsory union dues for political action committees, which Democrats were strongly opposing. Another would cut off funding for the Clinch River breeder reactor.

The bill can come up in routine fashion Wednesday, but Senator Hatfield said it was "not conceivable under any circumstances" that the bill could be finished by midnight Thursday unless many of the amendments were withdrawn.

Senate leaders kept up pressure Tuesday night on their colleagues to withhold amendments, but it was not clear whether they would succeed.

At one point, the Senate majority leader, Senator Howard H. Baker Jr., Republican of Tennessee, complained that, even as he took the floor to beg his colleagues to hold back on amendments, several more amendments were added to the pile.

Staying in session Tuesday night might do more harm than good, he added, saying: "Amendments are like mushrooms. They grow after dark."

Earlier, the Senate approved a \$27.4-billion agriculture appropriations bill that restores \$2 billion in spending that Mr. Reagan wanted to cut from food stamp and other nutrition programs.

In protest of Soviet involvement in the imposition of martial law in Poland in December, the United States has banned the use of American equipment and technology by foreign companies in the pipeline project. Sanctions have been imposed against British, French and Italian companies that have shipped equipment at the orders of their own governments.

### No Fixed Agenda

The Quebec meeting, which will give the U.S. secretary of state, George P. Shultz, a chance to meet some of his European colleagues for the first time, is to cover, without a fixed agenda, many facets of East-West relations.

The ministers plan to discuss prospects at the U.S.-Soviet arms control talks in Geneva, the diplomats said, although few new initiatives or developments are expected there in the next six months.

## Tax Relief Backed for Urban, Rural Business Zones in U.S.

By Thomas B. Edsall  
Washington Post Service

**WASHINGTON** — An election-minded Senate Finance Committee has endorsed a bill to provide tax breaks for businesses in so-called urban and rural enterprise zones.

It has also approved a bill to help investors by reducing from one year to six months the holding period for capital gains.

These and other tax proposals were endorsed Tuesday night, after a morning session during which the Reagan administration said it will not discuss any major restructure.

uring of the individual income tax for at least a year. Proposed changes include suggestions for a flat income tax rate.

It is probable that neither house of Congress will have time to act on the committee endorsements before the recess at the end of this week for the congressional elections in November. But the bills could still be considered for the lame-duck session planned from Nov. 29 to about Dec. 24.

The president proposed creation of enterprise zones earlier this year. The idea is to lure businesses to return to depressed urban areas by offering them special tax cuts.

The committee bill authorizes creation of 25 such zones in each of the next three years. But because there are eight farm state members on the committee, the legislation requires that eight of the zones each year be rural.

Inside the zones, an existing investment tax credit of 10 percent would be increased, in some cases to 20 percent. In addition, the capital gains tax on certain property sales would be dropped. Employers would also receive a 10-percent annual tax credit for wages paid to

residents and a 50-percent credit for salaries paid to disadvantaged workers.

No cost estimate was provided on the zones bill, which would take effect next year.

There was also no estimate on the cost of the capital gains proposal, under which profits from the sale of assets would qualify for capital gains rates, instead of the regular income tax, if the assets were held for only six months instead of the current full year.

In the morning session, John B. Chapeton, assistant treasury secretary for tax policy, said the administration will not initiate tax simplification proposals for at least a year. Mr. Chapeton said that replacement of the progressive income tax with a flat rate system would help those in higher brackets and hurt people in the lower and middle levels.

Treasury tables presented by Mr. Chapeton showed that certain flat rate proposals would cut taxes for those making \$200,000 a year or more by 60.5 percent while increasing taxes for the middle and lower classes from 28 to 342 percent.

**QUICK,  
WHO WON EUROPE'S  
HIGHEST AWARD FOR  
AUTOMOTIVE EXCELLENCE  
IN 1982?**



We're starting a new chapter in a 165-year success story tomorrow



## SEAN Acting Steadily but Quietly to Increase Military Cooperation

By Francis Daniel

NGAPORE — The members of the Association of Southeast Asian Nations are quietly but steadily building up their military, but they have stopped short of formal military alliance so as to upset their communist neighbors, China and Vietnam.

The five ASEAN members — Indonesia, Malaysia, the Philippines, Thailand and Singapore — have more than doubled their military spending since the communist victory in Indochina in 1975.

Diplomatic sources say that they have also been working to bolster security arrangements with their Western allies, particularly Britain, Australia and the United States.

### Standardization Trend

ASEAN has a total troop strength of about 800,000. Military cooperation among the five mainly constitutes shared intelligence, efforts to standardize command systems and battle procedures, exchange of personnel and joint military exercises.

The five also appear to be moving toward some form of standardization of their weaponry. All their armies use M-16 rifles and all have U.S.-made F-5 fighter planes. Most use A-4 Skyhawk and Hunters attack aircraft fitted with Sidewinder missiles.

At least four ASEAN navies are equipped with French-made Exocet anti-ship missiles.

### 4 Thais Are Sentenced For Roles in '77 Plot

United Press International

BANGKOK — Four Thais have received prison terms of up to 60 years for their roles in a 1977 assassination plot against the king and queen of Thailand, officials said Wednesday.

The group sees Soviet-backed communism as the main destabilizing factor in the region at present, although China, which has historical and cultural ties with Thailand, remains a potential long-term threat.

Thailand has declared its support for ASEAN, and some Western analysts say that if it were not

for the influence of Beijing, Hanoi would have been emboldened to move against non-communist Southeast Asian neighbors after its Saigon victory in 1975.

Vietnam's armed forces, beefed up with Soviet military aid officially estimated in Singapore at around \$6 million a day, are numerically superior to those of the non-communist Southeast Asian countries combined.

The Vietnamese forces, tested through 30 years of conflict, have more than 1 million men under arms, more than 1,500 tanks, 500 combat aircraft and an array of support units, according to the London-based International Institute of Strategic Studies.

**ASEAN plann**ers say that while their countries have raised military spending, they do not want to antagonize Vietnam, which has made no secret of its contempt for ASEAN.

Foreign Minister Nguyen Co

Thach of Vietnam said during a recent visit to Singapore that Hanoi would retaliate if ASEAN continued its activities against Vietnamese interests in Cambodia by supporting Cambodian resistance groups.

Vietnam made a brief incursion across the Cambodian border into Thailand last year and keeps many of its 180,000 troops in Cambodia near the Thai border.

This Vietnamese posture and the influence of the Soviet Union in Indochina have made it vital for ASEAN to reinforce its security ties with Western powers, the military planners say.

All the ASEAN countries except Singapore receive U.S. military aid. The United States also has military bases in the Philippines and is committed to Thailand's defense.

Malaysia and Singapore are linked with Britain, Australia and New Zealand in a military cooperation arrangement that mainly provides a regional air umbrella. Australia maintains fighter squadrons in Malaysia and Singapore, while New Zealand has an infantry battalion in Singapore.

The Philippines and Thailand also have a security understanding with Australia, the details of which have not been made public.

"We have increased our contacts with the U.S. and other Western allies," a senior ASEAN military official said. "We will need the extra muscle to maintain the balance of power in the region."



**FURRY GIFT** — Sachi Suzuki, the wife of Japan's prime minister, inspects Fei Fei, the giant panda at Beijing zoo who will soon be sent to Tokyo as a gift from China to Japan.

The Associated Press

## Relatives' Visit to Laos Stirs Hope For News on Fate of U.S. Soldiers

By Bob Seger

Los Angeles Times Service

BANGKOK — Anne Hart has had 10 years to steel herself to the loss of her husband, but a few days ago the shock, the grief and pain she seemed to have forgotten came rushing back.

She was in a remote Laotian jungle, knee-deep in mud and sifting through bits and pieces of metal she thinks may be part of the C-130 military aircraft that crashed Dec. 21, 1972, with 16 persons aboard. One of them was her husband, Thomas T. Hart, an air force captain and the plane's navigator.

"You'd think after 10 years that things would be softened somewhat," Mrs. Hart said Monday. "But I think I felt just like I did when that young officer came to my door and told me Tommy was missing. It was all over again like it was in 1972. The tears just welled up. That surprised me."

Mrs. Hart, 38, was one of four relatives of U.S. soldiers missing in action in Indochina who returned to Bangkok this week from an unprecedented two-week tour of Laos and Vietnam, the first time the communist nations had invited such a delegation to search for news of relatives.

The group, all officials of the National League of Families of American Prisoners Missing in

Southeast Asia, did not bring back any bodies or prisoners of war. But, they said, they won pledges from Laotian officials for greater cooperation in future searches for the remains of U.S. servicemen.

Officials in Vientiane also indicated that they might allow American experts into Laos to comb the wreckage of downed U.S. aircraft, according to Anna Griffiths, the executive chairman of the group.

Mrs. Griffiths said that Colonel Khamala Keophithoune, the Laotian official in charge of matters relating to war prisoners and the missing, did not rule out the possibility that, because of communications problems in remote parts of the country, some villagers may not realize the war ended in 1975 and could still be holding American prisoners.

Colonel Khamala did say that it was certainly possible that in remote areas there may be Americans still held that would be unknown to the central authorities in Vientiane, Mrs. Griffiths said at a press conference. "He said he intended to pass the word and try to communicate to the remote areas and let them know that the Lao government welcomes any information on Americans that could be turned over to the United States."

More than 2,500 U.S. service-

men who fought in Indochina have never been found. All but a handful of those are officially considered dead by the U.S. government, but there have been numerous unsubstantiated reports of Americans still being held in Laos and Vietnam.

The most dramatic moment of the group's mission occurred when the four, accompanied by Laotian officials and a representative of the U.S. Embassy in Vientiane, traveled by helicopter to a remote site in the southern Laotian jungle, hoping to find the wreckage of a plane that league records indicated had crashed there with Captain Hart, 32, aboard.

The group had landed in a rice paddy and jumped out of the helicopter into thick mud. A small piece of wreckage sat on the edge of the paddy, but nothing else from the plane was visible.

Suddenly, villagers slowly emerged and led the party down a well-worn path into the jungle past small pieces of metal. There were no wings, engines or other objects readily identifiable as airplane parts, Mrs. Hart said.

No Positive Identification

Eventually, she said, the group found a piece of metal they think might have come from a propeller, as well as a steel insert to a boot and two tiny fragments of bone. I kept hoping that somehow among these things I would see a serial number," she said, "something off the wing or just anything to positively identify the aircraft."

No such identifying mark was found, but the searchers expressed confidence that a team of experts given access to the site, could turn up evidence relating to the C-130 and its crew.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

Such a discovery would help remove that tiny grain of uncertainty that still haunts Mrs. Hart. "I think to myself, 'If he's dead, that's difficult to live with. But it's not a first for anybody. The thought that he might be alive and held under God-knives what conditions is even harder to cope with."

"I can remember him coming back from one of these survival schools he went to," she said, "and saying to me, 'God, I hope I never am a POW because I can't stand to go for three days without brushing my teeth.' Knowing the type of person he was, it would be a hell of a fate for him."

## Kabul Regime Is Said to Raid Bazaar

United Press International

representatives of seven private U.S. agencies. His daughter Jean Marie, whom he has not seen in 14 years, will be waiting. But all other reunions will take place in the United States, Mr. Colvin said.

A large percentage of the children were fathered by U.S. civilians who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

For two years Mr. Tanous has been urging American and Vietnamese officials to help him get his 15-year-old daughter out of Vietnam. Mr. Tanous, formerly a civilian employee in Vietnam, has divorced his Vietnamese wife, who is now living in the United States.

"Letting out these kids is more

than a gesture by the Vietnamese. It's a signal," said John A. Shade Jr., director of the Pearl S. Buck Foundation. "I pray to God it's a new beginning."

A number of private American agencies involved in taking the children to the United States, including the Buck Foundation, are hopeful that cooperation between the United States and Vietnam on this issue will lead to better relations between the two countries. The two nations have no diplomatic ties.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.</

tirs Hope  
- Soldiers

## Britain's Labor Party Endorses Proposal for Nuclear Disarmament

By Peter Orosos

Washington Post Service

BLACKPOOL, England — Britain's opposition Labor Party voted overwhelmingly Wednesday to abolish the country's nuclear weapons arm, if it was the next election and to reject the deployment of any U.S. nuclear missiles in Britain.

The most dramatic moment of the four-hour conference in Victoria, the southern Lancashire town, to find the world's largest anti-nuclear league represented, was when the group had decided to make anti-nuclear a feature of its campaign platform.

Announcement of a majority of more than two-thirds for the resolution was greeted with a standing ovation.

The vote, reflecting a complex system of indirect balloting to represent local party organizations and trade unions, was 4,927,000 in favor of unilateral disarmament and 1,975,000 opposed, a substantial increase over the tally for similar proposals in past years.

The party also voted decisively, as it has done before, not to withdraw from NATO.

But the anti-nuclear policy underscores the chasm that exists between the U.S. administration and the main opposition party in Britain, the only military ally of the United States with a coordinated nuclear strategy.

Differences with the United States extend across the board. Speaking Tuesday, the party's leader, Michael Foot, repeatedly linked his denunciations of Prime Minister Margaret Thatcher with an attack on the policies of President Ronald Reagan, specifically on the economy.

"Reaganism is like Thatcherism and the other way around," he said. "The combination of the two together in what threatens the world on a scale that we have not known for generations."

Through arms sales "fed by the West," he said, Britain and the United States are responsible for "some of the worst evils of the Third World."

Western Europe's other nuclear power, France, maintains a nuclear force separate from NATO. The leftist government of President François Mitterrand takes a much stiffer line than the Labor Party on the security issue posed by the Soviet Union and the need for a strong defense.

In Wednesday's disarmament debate, only one speaker, Sir John Boyd of the Electrical Workers Union, specifically mentioned the threat posed to Britain by the Soviet Union's nuclear strength and he was heckled.

Joan Lester, an outgoing mem-

ber of Labor's National Executive Committee, dismissed the Thatcher government's support for U.S. advocacy of deep cuts in both medium-range and strategic nuclear weapons.

"We are interested in a zero option whereby no nuclear bases in Europe or outside exist," she said, "a true zero option, not Reagan's one-sided cosmetic approach."

In other votes, the conference supported the Palestinian cause, was critical of Israel and elsewhere in the world, backed the Solidarity trade union movement in Poland.

## Failure of Albanian Coup Attempt Upsets Exiled King, His Wife Says

United Press International

JOHANNESBURG — The wife of the exiled king of Albania said Wednesday that he was "extremely upset" over the failure of a coup in that country over the weekend but that he had not been actively involved in it.

Queen Susan, who moved with King Leka to Johannesburg from Zimbabwe in 1980, said her husband had told her from Paris on Tuesday about the coup attempt.

Albanian security forces said they had "liquidated" an armed group of émigrés who landed on the Adriatic coast. The landing party, which was said to have carried automatic weapons and special subversive equipment, was overcome in five hours, the Alans said.

Asked whether King Leka had been involved in preparations for the coup bid against the regime of President Enver Hoxha, she said: "No, not actively, but he is a nationalist. He was not their leader, but as a nationalist, he was very sad that good men had been killed."

King Leka, 43, has said several times in the past 10 years that he is preparing an armed coup against the Tirana regime.

Queen Susan said her husband planned to stay in Paris "for another month."

## Spain's Negotiations With NATO Are Slowed by Election Campaign

By Don Cook

Los Angeles Times Service

BRUSSELS — Negotiations to complete the integration of Spain into the military command structure of the North Atlantic Treaty Organization have virtually halted pending the outcome of the Spanish election.

Felipe González, whose Socialist Workers Party seems likely to win a solid plurality, if not an outright majority, in the Cortes, or parliament, has said that he intends to submit the question of Spain's membership in NATO to a national referendum. The general election will be Oct. 28.

Spain formally took its place at a 16th member of the alliance at a special June meeting of NATO heads of government in Bonn. Since then, discussions have been moving slowly on how to set up a NATO military command in Spain and make way for Spanish officers on the staff of supreme headquarters at Mons, Belgium.

Installation of a Socialist Party government in Madrid could also cause problems with the recently signed agreement between the United States and Spain on military assistance and the continued use of Spanish bases by the U.S. Air Force. That agreement is closely tied to Spain's membership in NATO.

Planning Group

For one thing, it does away with a U.S.-Spanish military planning group, whose functions would be taken over by a new NATO command in Spain once it is established.

The Socialists have said that they will want to take a new look at the agreement on bases and possibly take out the references to Spain's NATO membership.

The U.S.-Spanish agreement,

signed in Madrid July 2, is being treated in the United States as an executive matter that does not require Senate ratification. The administration has, however, asked Congress for \$433 million in military assistance to Spain in the first year of the five-year arrangement.

Another plan that has been cast into doubt by the election is a decision by Spain to purchase 84 F-18s for about \$21 million each. The Socialists have said they will want to take a close look at this, too.

Mr. González opposed Spain's entry into NATO from the outset. When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The latest plan drawn up by

Bernard W. Rogers, a U.S. general who is the supreme allied commander, provides for a Spanish command that would include Spain and extend southwest into the Atlantic to the Canary Islands.

Portugal's naval command at Lisbon would be extended west to the Azores, which is now part of NATO's Atlantic command in Norfolk, Virginia.

Mr. González opposed Spain's entry into NATO from the outset.

When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The latest plan drawn up by

Bernard W. Rogers, a U.S. general who is the supreme allied commander, provides for a Spanish command that would include Spain and extend southwest into the Atlantic to the Canary Islands.

Portugal's naval command at Lisbon would be extended west to the Azores, which is now part of NATO's Atlantic command in Norfolk, Virginia.

Mr. González opposed Spain's entry into NATO from the outset.

When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The latest plan drawn up by

Bernard W. Rogers, a U.S. general who is the supreme allied commander, provides for a Spanish command that would include Spain and extend southwest into the Atlantic to the Canary Islands.

Portugal's naval command at Lisbon would be extended west to the Azores, which is now part of NATO's Atlantic command in Norfolk, Virginia.

Mr. González opposed Spain's entry into NATO from the outset.

When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The latest plan drawn up by

Bernard W. Rogers, a U.S. general who is the supreme allied commander, provides for a Spanish command that would include Spain and extend southwest into the Atlantic to the Canary Islands.

Portugal's naval command at Lisbon would be extended west to the Azores, which is now part of NATO's Atlantic command in Norfolk, Virginia.

Mr. González opposed Spain's entry into NATO from the outset.

When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The latest plan drawn up by

Bernard W. Rogers, a U.S. general who is the supreme allied commander, provides for a Spanish command that would include Spain and extend southwest into the Atlantic to the Canary Islands.

Portugal's naval command at Lisbon would be extended west to the Azores, which is now part of NATO's Atlantic command in Norfolk, Virginia.

Mr. González opposed Spain's entry into NATO from the outset.

When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The latest plan drawn up by

Bernard W. Rogers, a U.S. general who is the supreme allied commander, provides for a Spanish command that would include Spain and extend southwest into the Atlantic to the Canary Islands.

Portugal's naval command at Lisbon would be extended west to the Azores, which is now part of NATO's Atlantic command in Norfolk, Virginia.

Mr. González opposed Spain's entry into NATO from the outset.

When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The latest plan drawn up by

Bernard W. Rogers, a U.S. general who is the supreme allied commander, provides for a Spanish command that would include Spain and extend southwest into the Atlantic to the Canary Islands.

Portugal's naval command at Lisbon would be extended west to the Azores, which is now part of NATO's Atlantic command in Norfolk, Virginia.

Mr. González opposed Spain's entry into NATO from the outset.

When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The latest plan drawn up by

Bernard W. Rogers, a U.S. general who is the supreme allied commander, provides for a Spanish command that would include Spain and extend southwest into the Atlantic to the Canary Islands.

Portugal's naval command at Lisbon would be extended west to the Azores, which is now part of NATO's Atlantic command in Norfolk, Virginia.

Mr. González opposed Spain's entry into NATO from the outset.

When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The latest plan drawn up by

Bernard W. Rogers, a U.S. general who is the supreme allied commander, provides for a Spanish command that would include Spain and extend southwest into the Atlantic to the Canary Islands.

Portugal's naval command at Lisbon would be extended west to the Azores, which is now part of NATO's Atlantic command in Norfolk, Virginia.

Mr. González opposed Spain's entry into NATO from the outset.

When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The latest plan drawn up by

Bernard W. Rogers, a U.S. general who is the supreme allied commander, provides for a Spanish command that would include Spain and extend southwest into the Atlantic to the Canary Islands.

Portugal's naval command at Lisbon would be extended west to the Azores, which is now part of NATO's Atlantic command in Norfolk, Virginia.

Mr. González opposed Spain's entry into NATO from the outset.

When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The latest plan drawn up by

Bernard W. Rogers, a U.S. general who is the supreme allied commander, provides for a Spanish command that would include Spain and extend southwest into the Atlantic to the Canary Islands.

Portugal's naval command at Lisbon would be extended west to the Azores, which is now part of NATO's Atlantic command in Norfolk, Virginia.

Mr. González opposed Spain's entry into NATO from the outset.

When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The latest plan drawn up by

Bernard W





**SYMBOL OF ADMIRATION** — A young woman offers Pope John Paul II a flower during Wednesday's general audience in St. Peter's Square at the Vatican and then bows to kiss his vestment as the pontiff caresses her head.

## Pei Wenzhong Is Dead; Discovered Peking Man

*Los Angeles Times Service*  
BEIJING — Pei Wenzhong, 79, the Chinese archaeologist who found the skull of Peking Man in 1929, providing the first solid evidence of modern man's evolution from the apes, died Sept. 18.

Mr. Pei's discovery still ranks among the foremost in the study of man's origins. He made later contributions to Chinese science, including leadership of subsequent searches for evidence of the origins of early man.

At his death, Mr. Pei was a leading researcher at the Chinese Academy of Science's Institute of Vertebrate Paleontology and Paleanthropology, according to the Chinese news agency Xinhua. His burial Tuesday in Babaoshan Cemetery, the resting place of the country's greatest leaders, attested to his political status.

### Modern Man's Predecessor

Mr. Pei's discovery of the skull of Peking Man in the muck of the floor of a cave 30 miles (48 kilometers) southwest of Peking helped establish the place of Homo erectus Pekinensis as the predecessor of modern man 200,000 to 600,000 years ago. The skull itself was estimated at 500,000 years old.

Most of the Peking man fossils collected on Chicken Bone Hill over two decades of research by Chinese, U.S. and European researchers before World War II were lost during the war. China still blames "some Americans," who had removed them from China for safekeeping. Mr. Pei often lamented that the study of human evolution was significantly set back as a result.

More fossils, including another skull, teeth, part of a jawbone and other fragments, were later found at the site, but Mr. Pei felt that none could replace those that had been lost.

### Full Significance

"We knew what we had found in the 1920s and [that it] was terribly important, but the full significance would have been clear only in later years when the techniques of science caught up with our discovery," Mr. Pei said at a conference on the 50th anniversary of his discovery.

Mr. Pei, who studied first at Peking University and later at the University of Paris, directed a number of major excavations in China in the 1950s and 1960s. Like other paleoanthropologists, he fell into political disfavor during the Cultural Revolution from 1966 to 1976 and was able to resume his work only a few years ago.

### Paul Kollman

**LOS ANGELES (NYT)** — Paul Kollman, 82, an aeronautical engineer whose invention of the altimeter in the late 1920s helped revolutionize aviation, died Sunday. Mr. Kollman had hundreds of

## Nazi Intelligence Officials Worked With U.S. in 1947 Testimony Reveals

*United Press International*  
WASHINGTON — Hitler's senior intelligence officials worked with U.S. intelligence during World War II, according to a transcript that has been made available of secret testimony by Allen Dulles before a congressional committee in 1947.

The Nazi officials provided information about Germany's missile program that led to the allied bombing of the bases from which the Germans launched rockets against Britain, Mr. Dulles told the committee.

Mr. Dulles testified June 27, 1947, at a hearing by the House Committee on Expenditures in the Executive Departments that laid the basis for establishment later that year of the Central Intelligence Agency. Mr. Dulles became the agency's director. The House Government Operations Committee, successor to the expenditures committee, voted unanimously Tuesday to release the transcript.

Mr. Dulles, identified in the

transcript as "Mr. R." was a key figure during World War II in the Office of Strategic Services, the predecessor to the CIA.

Mr. Dulles said that about 10 percent of the Abwehr, the German intelligence agency operating under the joint chiefs of staff, had turned against Hitler because they were "disgusted with Hitler's tactics" and opposed his "treatment of the Russians."

While he was OSS chief operating out of Switzerland, Mr. Dulles said, senior German counterintelligence officials including Admiral Wilhelm Canaris, who headed the Abwehr, and his deputy were in direct touch with him.

### AUTHORS WANTED BY N.Y. PUBLISHER

Looking for book publishers seek manuscripts of all types: fiction, non-fiction, poetry, juvenile, scholarly and religious works, etc. New authors welcomed. Send for free booklet H-3. Vantage Press, 516 W. 34th St., New York, N.Y. 10001, U.S.A.

## Wallace Wins Runoff With Black Support

By Howell Raines  
*New York Times Service*

MONTGOMERY, Alabama — George C. Wallace won the Democratic nomination for governor Tuesday in a close runoff that hinged on his ability to attract black voters, whom he had shunned in earlier campaigns.

With 99.3 percent of the 4,144 precincts reporting, former Governor Wallace had 505,243 votes, or 51 percent, to 486,223 votes, or 49 percent, for Lieutenant Governor George McMillan.

In the primary three weeks ago, rural blacks provided many of the votes that enabled Mr. Wallace to lead Mr. McMillan by 42 percent to 29 percent. Mr. McMillan, 38, campaigned as a "New South" pro-

tectionist.

Mr. Wallace, who at 63 is seeking to become the state's first four-term governor, will face Mayor Emory Folmar of Montgomery, the Republican nominee, in the Nov. 2 election.

### Rural Support

The incumbent governor, Fob James, a Democrat, did not seek re-election. Despite the efforts of Governor James and prominent civil rights leaders to help Mr. McMillan, Mr. Wallace received as much as 40 percent of the black vote in some counties in the Sept. 7 primary. A strong rural-urban split was evident in the primary and in the runoff.

Mr. Wallace, who was governor

from 1963 to 1966 and from 1971 to 1979, ran well Tuesday in his traditional strongholds of white areas of rural Alabama, carrying four times as many counties as Mr. McMillan.

Moreover, Mr. Wallace held his own in the predominantly black counties of the old plantation section in central Alabama, despite the efforts of black leaders to re-mind minority voters of his "segregation forever" motto of two decades ago.

Mr. Wallace and Mr. McMillan closed their runoff campaigns on harsh notes that indicated the divisions their contest has created among Alabama voters.

At a rally intended to recall the populist fervor of his presidential campaigns, Mr. Wallace, joined by Tammy Wynette, the country singer, told a crowd of 2,000 people Monday night that the campaign was a battle between the little people and the wealthy.

"We are fighting Republicans, the special interests, the large newspapers," Mr. Wallace said. He warned his supporters that some Republicans would turn out for Mr. McMillan in the belief that he would be easier for Mr. Folmar, the Republican nominee, to defeat in the general election.

Where Wallace supporters once aimed such talk mainly at white wage earners, this year they asked for the support of "the average man and woman, black and white."

## "Our company owns a condominium at the Essex House..."

of preferred rooms and meeting facilities  
Marriott management expertise. A most attractive alternative to the escalating costs of leasing and transient rental in New York. Furnished models from \$250,000 By appointment.

**Marriott's  
ESSEX HOUSE**  
HOTEL CONDOMINIUM  
160 Central Park South  
New York, New York 10019  
212-484-5133  
Telex 12-3205

...So say nearly 100 corporations who have discovered the savings and efficiency inherent in corporate condominium ownership. Superb Central Park South location, private reservation system and international service staff, assured availability

100% guaranteed does not constitute an offering in those states where an offering may not be made. This is not an offering which can be made only by formal prospectus. (NY)



**Do you remember what it was like flying First Class before the airlines installed sleeper seats?**

**On September 26th, we're raising our Business Class up close to that standard. You get Next-to-First Class chairs. Close to First Class comfort. First Class service. Meals on china. A choice of entrées.**

**And more...**

**The only thing we haven't raised is the price. It's far from First Class.**

**Just the normal economy fare. Calling this new class simply Business Class doesn't do it justice at all. So we had to invent a new name to describe this new service:**

**First Business Class.**

**First to tell you how much you get.**

**Business to tell you how little you pay.**

**A very nice combination, wouldn't you say?**

**SAS**  
SCANDINAVIAN AIRLINES

The Businessman's Airline

First Business Class is available on all SAS widebody flights.



## The 'Fuel Revolution' Continues; Downsizing Dominates Industry

By Peter Waymark

A FEW YEARS ago U.S. car manufacturers were besieged by Brock Adams, then transportation secretary, to "reinvent the automobile" to bring it in line with the demands of the energy crisis for smaller, and more fuel efficient vehicles. The result has been nothing less than a revolution.

The traditional large American car is fast disappearing, and along with it the big, gas-guzzling eight cylinder engines. The key word is "downsizing".

In 1976, the Chevrolet Caprice weighed 4,285 pounds (1,928 kilograms) and was a typical American family car. Its present-day successor, the Citation, weighs only 2,120 pounds, and is several feet shorter.

Two factors have prompted this revolutionary change in U.S. car design.

One is the government requirement that manufacturers must meet minimum average fuel consumption targets across their range, on penalty of fine. In 1978, the stipulation was a modest 18 miles (28.8 kilometers) per U.S. gallon; the figure set for 1985 was 27.5 mpg. This has forced the U.S. automakers to design lighter vehicles, with smaller engines and to make much more use of diesel power.

The other force behind the move to smaller cars is the worried customer. The so-called "first" oil crisis of 1973-1974 left American motorists largely unmoved. They saw it as a temporary hiccup and did not rush to buy more economical vehicles.

But when, during 1979, the Iranian crisis threatened U.S. oil supplies, the scramble for gasoline led to violence, and even death, at the filling stations. Suddenly Americans were prepared to abandon the habits of a lifetime and buy really small cars.

Though the changes have been less dramatic because the cars were more fuel efficient in the first place, the same single-minded quest for more miles to the gallon is being carried out in Europe and Japan. Manufacturers, indeed, are busy turning the challenge to their advantage: what could be a better selling point, with gasoline prices going steadily upward, than the promise of outstanding consumption?

The gains for the motorist are likely to be considerable. According to Robert A. Lutz, chairman of Ford of Europe, "applying advanced technology to the limit of current knowledge, we believe it is possible to produce a car by the end of this century which can return a consumption about half today's European average."

The quest for better fuel economy is proceeding along three main paths. The first is weight saving, partly by using lighter materials, such as aluminum and plastic, but also by making the vehicle smaller.

By switching from rear-wheel to front-wheel drive, which has been happening particularly in the United States where front-drive cars were virtually unknown until recently, it is possible to maintain, and even increase, passenger and trunk space within small overall dimensions.

The second area is aerodynamics: producing a smoother shape that sets up less drag or wind resistance. This is done by increasing the rake of hoods and windshields, designing high, square tails, fitting spoilers and air dams and eliminating protrusions. Drag coefficients are being quoted by manufacturers almost as often as miles per gallon.

Thirdly, there are several ways of making the engine more efficient. The industry is in general agreement that the internal combustion gasoline engine will still be the main power source for cars until well into the next century. But it will need to use increasingly less fuel.

Weaker air/fuel mixtures, reductions in friction losses and the introduction of more electronic systems in engine management will all play a part, as could the wider use of five-speed gearboxes and higher gear ratios.

The prospects for viable alternatives to the gasoline engine, meanwhile, look no more promising than they did 10 years ago.

Diesels, which give much better economy, will undoubtedly become more widespread, especially as the traditional drawbacks of excessive noise and poor performance are overcome. The best diesels are already showing the same sort of refinement as comparable gasoline units, while turbocharging is being employed as a means of restoring the "lost" power.

Otherwise one of the promising developments is the gas turbine engine. Since Rover demonstrated the first practical turbine car back in 1950, not much has been done in this area. But recent improvements in materials, notably ceramics, have brought renewed interest.

Ford is engaged with Garrett AiResearch of Arizona in a turbine engine project for the U.S. Department of Energy under which prototypes should be ready by 1985. If all goes according to plan, between

(Continued on Page 11S)

## INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

SEPTEMBER, 1982

## AUTO INDUSTRY



NEW AT PARIS AUTO SHOW: Top left, the new Opel Corsa; top right, Ford's Sierra; bottom left, the Bentley Mulsanne turbo and bottom right the Audi 100. The show, at the Porte de Versailles, opened Sept. 30.



## U.S., Europe Manufacturers See Efficiency as Prerequisite for Survival

PRODUCTIVITY, or output per man hour, has been

come a preoccupation of European and U.S. car manufacturers faced with devastating competition from Japan, overcapacity and inflation. Greater efficiency is seen as the prerequisite of survival.

The productivity gap between Japan and the rest of the world is difficult to define precisely, but if the total number of cars produced is divided by the work force, Japan has been making more than twice as many cars per man a year as the European car industry.

Taking into account higher U.S. labor costs, the U.S. government estimated last year that the Japanese could offer cars for sale in the United States for \$1,500 less per unit than it cost its own industry to make an equivalent vehicle.

There is also a productivity gap between the United Kingdom and Continental Europe. This was revealed in 1981 in a comparison between Ford output per man in West Germany and Britain.

The factory at Saarlouis was producing 1,200 Escorts a day with 7,700 workers, while the Halewood plant on Merseyside was making 800 Escorts a day with more than 10,000 workers using similar equipment. German productivity, therefore, was double that of the British and though German labor costs (wages plus benefits) were twice as high as well, the

total cost of producing the Escort in Germany was around \$1,000 less.

Ford, in fact, has announced a four-year "after Japan" program of measures designed to close the gap. These include more flexible working practices and easing of demarcation lines: substantial demanning, with the British workforce being cut by 40 percent, or 29,000; and high investment in modern automated equipment, including robots.

Other manufacturers have announced similar plans, emphasizing that the way to improved productivity must lie in slimmer and more adaptable work forces and the greater use of machinery that will not only eliminate jobs but do the work more quickly, more reliably and to a higher standard.

There is a broad correlation between manning levels and the state of labor relations and industrial success. The most successful car industry of the last decade, the Japanese, has not only employed fewest workers in relation to vehicles produced, but has been virtually free of strikes.

The strongest European car industry, the West German, has enjoyed a greater degree of industrial peace than its Continental rivals. The decline of Britain as a car making nation, on the other hand, has been very much associated with overmanning and a poor strike record.

Several explanations have been offered for Britain's chronically bad labor relations, such as the large number of trade unions, the insecurity produced by stoppage of economic policies and, not least, insensitive management. The last few years of recession and high unemployment have produced a dramatic reduction in working days lost through strikes, though it remains to be seen whether this will prove to be a lasting phenomenon.

Some commentators have suggested that the stability or instability of labor relations stems from an underlying attitude that workers adopt toward their employers. In Britain, the unions have preferred an adversary role, rather than taking part in the forms of industrial democracy, such as worker representation on management boards, that are often cited as a reason for industrial harmony in West Germany.

As for Japan, there are, probably, cultural differences that cannot be reproduced elsewhere: the workers feel a basic loyalty to his company even if he does not always agree with its policies.

The issues of labor relations and investment are inextricably linked. To make efficient use of the latest automated equipment, a company may have to insist on shedding workers and this in itself may further inflame an already delicate situation.

Before an investment decision is taken, the often

## Detroit's Problems: Success of Imports, Downturn in Sales

By Edward Lapham

A NOTED Wall Street auto industry analyst recently quipped it U.S. automakers have only three problems: "Lousy sales, low sales and lousy sales."

However, beyond that glib remark by David Healy of Drexel Burnham Lambert, is a knot of problems that may not unravel quickly with simple sales upturn.

At least two of the U.S. automakers, General Motors and Chrysler, are expected to be at least marginally profitable this year. Still, the financial condition of the industry is far from secure.

Balance sheets are perilously close to short-term illiquidity, which threatens some new product programs.

Detroit is about halfway through its \$80-billion, five-year capital spending program with less than satisfactory results.

The first wave of new products has met with market resistance. I few marketplace successes generally have come from a handful of "sporty" or "personal" cars, like the Chrysler convertibles, the GM Firebird Camaro duo and the Ford Mustang, which represent a rather slim share of capital outlays.

In addition, plant capacity utilization is about 60 percent, hundreds of thousands of workers are on furlough, retail dealerships continue to bankrupt and customers are staying away from new-car showrooms.

Stable gasoline prices have reduced or eliminated the incentive replace older, less fuel-efficient vehicles, and imported makes, notably those from Japan, are currently garnering nearly one-third of all passenger car retail deliveries.

One former GM executive now comfortably relocated in another sector of the economy, said, "It is not just a financial problem.

"The U.S. companies have spent more than \$30 billion but they put their money on the wrong product. The Japanese made the right products at the right time."

Consequently, all of the U.S. makers, including Volkswagen and AMC-Renault, are scrambling to put "sporty" products into the market place.

Mr. Healy believes an upturn in the U.S. economy will bring sales more than 12 million cars in 1983, including imports. Roger B. Stuji GM chairman, said he expects the car and trucks sales rate to be gradually to a 14-million annualized rate by the end of next year.

However, there are those who have a less optimistic view. Data from sources, Chase Econometrics and several respected Wall Street expe

(Continued on Page 10S)

Drive one. Then you'll understand why Opel is one of Europe's fastest growing makes.

All over Europe\*, more and more people are choosing Opel; more Germans are choosing Kadett than any other gas engined car and Ascona more than any other car in its class. And more Swiss, Dutch and Belgians are choosing Opel than any other make.

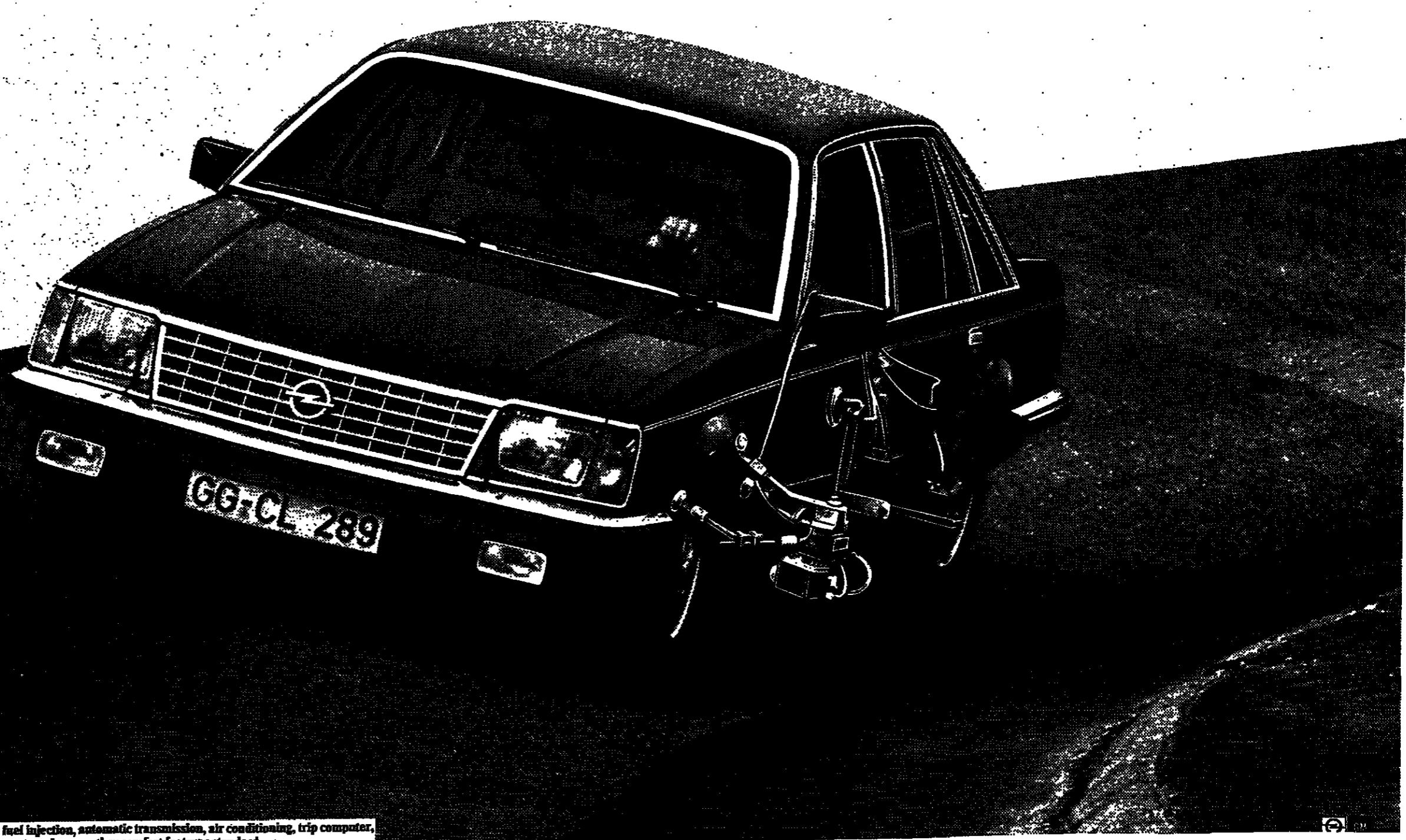
It takes more than just economy and dependability to win over today's demanding customers; and that's why we endow all our

cars with exceptional driving qualities, developed in tests like this one at the Nürburgring race track.

Find out yourself about the driving qualities of Opel cars by contacting your nearest Opel dealer. He will be happy to provide you with a test car—and you will enjoy the experience.

\*Based on percentage increase Jan. - June 1982 versus same period 1981.

ADAM OPEL Aktiengesellschaft, Germany



Seating: 5 seats. 3.0 litre engine, electronic fuel injection, automatic transmission, air conditioning, trip computer, electronic stereo sound system, heated front seats and many other comfort features standard.

## AUTO INDUSTRY

## Spain's EC Bid Could Jeopardize Exports

HEAVILY protected by tariffs but able to sell its vehicles more or less freely abroad, the Spanish car industry has become almost as controversial as the Japanese. Matters could come to a head over Spain's application to join the European Community.

At the moment, Spanish-built cars exported to EC countries carry a duty of only 4 percent, while EC manufacturers trying to sell in Spain must pay 36 percent. Spain negotiated these favorable terms in 1970 when its car industry was at a formative stage and more in need of protection than it is now.

Among persistent critics of Spanish trade policy has been Sir Michael Edwards, who has just relinquished his job as chairman of BL. He has claimed that the company could sell 20,000 Metros a year in Spain, given equal treatment with Ford's Valencia-sourced Fiestas, which enter Britain in large numbers paying the nominal 4 percent.

The argument will be revived, perhaps with even greater force, when General Motors starts shipments next year of its new "supermini," the Corsa, which is being built at Zaragoza. Last week Britain's Transport and General Workers' Union said it would use its industrial strength in the docks, road transport and the motor industry to impose controls on importing foreign-made cars. The union's general secretary, Moss Evans, said there would be a "total handling ban" on the Corsa until Vauxhall, GM's subsidiary in Britain, began building the car. However, the company has said it has no plans to assemble the model in Britain, although the possibility could not be ruled out if the market improved.

Sir Michael has suggested that unless Spain agrees to reduce its tariff on imported cars, Britain should retaliate by imposing quotas on Spanish vehicles. Since Ford has been send-

ing up to 69,000 Spanish-built Fiestas to Britain a year, and Ford is itself a major British producer and exporter, such a step seems unlikely.

The British government has, however, indicated that its support for Spain's application to join the European Community could depend on a positive response over the tariff issue.

Spain hopes to become a member of the EC in 1984, though this may be optimistic and the feeling is that it could be at least a year after that. Whenever it happens, Spain will be faced with the prospect of having to dismantle its protective wall completely to fall in line with EC policy, which is why it is hoping to negotiate a phased reduction in tariffs, over perhaps seven to 10 years.

Since Spain is bidding to become Western Europe's fourth biggest car producer, after West Germany, France and Italy, such a plea may not receive much sympathy. In 1980, for the first time, Spain made more

cars than the United Kingdom (1.03 million against 929,000) and though last year saw a fall back to 855,000, the new GM plant at Zaragoza should more than compensate.

## Imports Rising

Despite the tariff penalty, car imports into Spain have been rising, from 36,000 in 1980 to 50,000 last year. Mercedes, Volkswagen and Ford itself are among the leading makes sold. But set against a total market of just over half a million cars, the import share is still modest and at the moment, at least, the only way to be sure of competing in Spain is to manufacture there.

Four out of five "Spanish" manufacturers are, indeed, foreign companies: Talbot, Citroën, Ford and the Renault subsidiary, Fasa. General Motors is joining them this autumn, making five out of six.

— PETER WAYMARK

## Widening Success of Imports Troubles Detroit

(Continued from Page 95)

we publicly expressed "guarded" optimism and privately expressed more severe views.

John Hammond, manager of Data Resources' U.S. automotive service, said, "The downside risks continue to be substantial, both in terms of stability and magnitude. Interest rates are the key."

in fact, "the recovery is just around the corner," "prosperity is only six months away," and even "the recovery is in the mail" have alternately placed "the check is in the mail" as an almost gallows-humor version of the "great lie."

Still, progress has been made. The plants closed during the current automotive recession have been the least productive. There seems to be, finally, a real commitment to producing "quality" products.

The automakers also have sought help outside their own doors. New contracts with the United Auto Workers union have helped to stem the tide of rising labor costs and created at least a facade of cooperation.

They also have lined up outside talent to help with future product programs. GM's plan to form a joint venture with Toyota for small-car

assembly at a couple of GM plants currently closed is just one example.

Opinions on the long-term impact of such an arrangement are split. Maryann Keller, Paine Webber Mitchell Hutchins vice president and auto analyst, caused quite a stir earlier in the year when she said the pending GM-Toyota deal was positive and reflected good management at GM. GM's equity issues performed quite well for several days.

Arthur G. Davis, Prescot, Ball & Turben auto analyst, said, "The new front-drive Corolla, which will be the vehicle in the deal, is state-of-the-art technology."

"GM saw nothing in its own stable to match it and decided to go this route to get the technology to its dealers."

Mr. Davis said that this arrangement and current domestic-make pricing policies make it clear the U.S. makers are moving away from the low-priced small-car end of the market in favor of the higher-margin, upscale models.

He said, "Detroit's pricing policies are relinquishing the econobox market to the Japanese."

That means the imports could be taking as much as 40 percent of the total U.S. market in two years or so.

It also means the domestic makers are moving their capacity in that direction, the upper econobox segment, and the whole world is moving into that market. The result could be a price war in that segment like the one in the low-end."

GM also has a deal pending with Suzuki for small-car trade, although not necessarily for the U.S. market.

Chrysler is depending on its trading partners, Peugeot and Mitsubishi, for small-car technology and in some instances products. AMC is depending heavily on Renault technology and the Alliance, the North American version of the R5, is the linchpin in AMC's recovery program.

Despite the view of some experts that Detroit must purchase small-car technology because it cannot develop it soon enough to satisfy market needs, the automakers are making progress in other areas of technology.

On-board electronics for engine control, diagnostic electronics and robotics are areas where the U.S. makers are focusing their attention. The Reagan administration's laissez-faire attitude toward new safety and emissions regulations has allowed Detroit to divert funds to certain product enhancement areas that are thought to improve product desirability and therefore competitiveness.

**PETER WAYMARK** is a writer for the London Times who until recently was the motoring correspondent for that paper.

**EDWARD LAPHAM** is financial editor of the Detroit-based publication *Automotive News*.

**RICHARD FEAST** is European editor of *Automotive News*.

**JON P. BIRD** is a writer for *Ward's Auto World*.

**SARI GILBERT** is a free-lance writer based in Rome who writes frequently for the International Herald Tribune.



## THE NEW CHRYSLER CORPORATION ANNOUNCES FRANCHISE OPPORTUNITIES IN EUROPE.

Chrysler/Dodge Distributorships now available in Europe.

When Chrysler announced a second quarter profit of \$107 million, we showed the world what a company can do when it restores pride in itself and in its products.

Now we're offering qualified candidates the opportunity to share in that pride, and profit in that sharing. We are now re-establishing distribution outlets in Europe for a full line of American-built cars and trucks from Chrysler Corporation.

And you could be a part of it all.

As America's undisputed leader in front-wheel-drive technology, we've got a full range of front-wheel-drive cars for just about any driver. 90% of our production capacity is in front-wheel-drive.

There's Dodge Aries and Dodge Charger. There's the gracious

Chrysler LeBaron. New for 1983, the elegant luxury of the Dodge 600 and Chrysler E Class are in the offering.

Also new this year, Dodge 400 and Chrysler LeBaron are available in convertible models. And we've got a full lineup of Ram Tough Dodge pickups, vans, wagons and Ramchargers.

Get all of the information about becoming a part of the New Chrysler pride. And find out how a Chrysler franchise can profit for you.

The New Chrysler Corporation: Quality Engineered to be the Best.

OVERSEAS SALES OPERATIONS



Thomas D. Jobling  
Chrysler Information Office  
Arabella Center  
Lyoner Strasse 44-48  
6000 Frankfurt/Main 71  
West Germany  
Telephone: 666-960  
Telex: 0235265 CHRXYEMDET

Derek G. Curling  
Chrysler International, S.A.  
17 Old Court Place  
London W84PQ England  
Telephone: 937-8044  
Telex: 8812562-CIKENG

Call or write:  
William L. Hughes  
Chrysler Overseas Sales Operations  
5000 Wyoming Avenue  
Detroit, Michigan 48210  
Telephone: 313-584-1000  
Telex: 0235265 CHRXYEMDET

## France's PSA Group Maps Comeback

By Richard Feast

THE Citroën BX, French star of this week's Paris auto show, is far more significant than being merely a new car. It is the first of the truly new generation models to emerge from the troubled Peugeot group (PSA) since its creation nearly four years ago.

PSA plans its comeback in the French and European automobile industry on the merits of cars like the BX. While indications are that the sales recession is bottoming out and that PSA is over its worst nightmares, the group is emerging into a world where the opposition is a great deal leaner, fitter, wiser and hungrier. A great deal hinges on the success of the new Citroën.

When Peugeot, which already controlled Citroën, took over the old Chrysler-Europe interests in 1978, it created the biggest sales force.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

The talk is not of mergers. PSA has learned the hard way that big is not necessarily beautiful. Rather, it is of pooled resources, which will enable rival groups to share the cost of designing and manufacturing expensive components like power plants.

At the same time, the different design paths chosen by AP and Citroën were pulled together. The BX is the first indication of the extent of this.

The car is evidently still a Citroën. The style and mechanical specification mean it could hardly be anything else.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydro-pneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be

# AUTO INDUSTRY

## Array of New Models Could Lift West Germany Out of Hard Times

WEST GERMANY'S motor industry, the most powerful in Europe, faces even harder times than it has been experiencing recently.

It balanced this year's serious decline in domestic sales with a continuation of its aggressive and successful export policy, but there are indications that this relief valve is about to blow.

Already, Volkswagen workers have been laid off for two weeks because of the enormous cost of financing existing stocks and last week, after announcing a profits slump in the second quarter and ruling out any hope of a quick recovery, VW said production at its main plant at Wolfsburg would be halted for three weeks later this year.

It seems inevitable that more of their colleagues from other companies will face the same prospect now that orders from abroad have plunged and home market demand looks set to decline further in the face of growing political and economic uncertainties.

The picture looked better until the summer. Passenger car output

rose 16 percent in the first half of this year to 2.1 million. In the same period domestic sales slipped 6 percent to 1.25 million, but pessimists are now predicting year-end sales of only two million. Even the optimists speak of only 2.1 million, compared to 2.33 million last year and a peak of 2.62 million four years ago.

To counter the shortfall, West German exports rose by a quarter to 1.29 million in the first half of this year. Much of the demand was European, and German products made big inroads into the other major national markets, France, Italy and Britain.

But Volkswagen, the chief ex-

porter in terms of numbers, was stung by the big drop in U.S. sales and has identified a softening elsewhere. By contrast, quality car makers like Mercedes-Benz, BMW and Porsche experienced exceptional U.S. demand, seemingly impervious to the unfavorable exchange rate between the Deutsche mark and the dollar.

**New Models Appearing**

However, the array of new models that the industry is introducing could not have arrived at a better time. They will add impetus to flagging sales. The program includes two of the major newcomers at the Paris auto show, the Audi 100 and the Anglo-German Ford Sierra.

Toward the end of this year there will be a new, small Mercedes-Benz, the 190/190E. It takes the company into a fresh market category and will have a major impact on the opposition. It will be followed shortly afterward by the four-wheel-drive Audi 80 and BMW's replacement for its 3-series.

The arrival of all these models in broadly similar segment would have left GM's contender, the Opel Commodore, very exposed. As a result, a heavily revised model has been brought forward and will be introduced in November.

A pointer to the future of the West German industry comes, perhaps, from another newcomer, Opel's Corsa, which plugs a serious gap in the company's model lineup, is being made in a new, highly automated factory in Spain.

Opel is following Ford in sourcing small cars for the European market from an area where labor costs are lower than in other industrialized nations. With profit margins on baby cars so small, it is

overstated.

The role of the robot should not be overstated. So far they have been used for a fairly limited range of functions, such as welding body panels, applying paint to complete body shells, loading machines and transferring parts. Whether they can ever take the place of the traditionally labor intensive functions of trim and final assembly (fitting carpets, dashboards, electrical systems and so on) remains to be seen.

**Allowing for Robots**

The second case is that demand for cars will grow sufficiently to enable robots to produce more vehicles with the same work force.

### West German Passenger Car Production

Manufacturer	1981	1980	1979	1978	1977
BMW	337,757	330,807	328,281	311,793	284,771
Daimler-Benz	449,010	438,829	433,203	403,707	409,090
Ford	486,917	419,517	546,957	544,160	542,750
Opel	810,158	784,663	960,243	952,656	922,304
Porsche	31,734	28,622	36,001	36,879	36,130
VAG	1,462,231	1,517,216	1,627,861	1,640,981	1,595,499
Audi	311,671	285,052	323,395	295,000	317,928
Volkswagen	1,150,560	1,232,164	1,304,466	1,345,981	1,277,571
Total	3,577,807	3,520,934	3,932,556	3,890,176	3,790,544

\*Does not include Genk (Belgium)

vital to produce them as efficiently as possible.

Neither does the Spanish connection end with the Ford Fiesta and Opel Corsa. Volkswagen is negotiating with the Spanish automaker Seat, and an announcement is expected shortly whereby Seat will begin manufacturing the small Polo/Derby models.

Such an arrangement would help the troubled Seat, which would obtain modern, competitive models for its domestic market. But it would also benefit VW by giving it a proper presence in a market which is expected to show the biggest growth potential in Europe. More importantly, the small VWs would be sold in the rest of Europe through the German company's existing network.

While the Germans seem happy to sell small, Spanish-made cars, it is noticeable that none of the deals so far embraces the higher quality, top technology models that have been the mainstay of the German success.

#### Quality Sells

There are more customers for upper-medium and upper category cars in Germany than anywhere else in Europe. It is evident in the fact that the mid-range Mercedes-Benz and BMW 3-series outsell baby cars like the Polo and Fiesta. And German buyers, widely regarded as the most discriminating in Europe, seem to trust only products of their own country.

Even the German buyers' flirtation with Japanese products seems to have been broken off. Japanese sales rose to 11 percent of total in next to no time, but they now account for about 9 percent. At the same time, German companies have led the exporters in Japan, accounting for 80 percent of the (admittedly low) foreign sales there.

**Polo and Derby models on the same lines.**

Factories that do not have this ability to adjust to changing market demands will be the first to suffer in another major recession.

Along with these advanced production techniques comes the high engineering excellence of the products themselves. Indeed, the two companies with the best reputations, Daimler-Benz and BMW, managed to lift output when rivals were laying off employees in the worst of the recession.

The lesson was not lost on the volume producers. In future they too will be placing even greater emphasis on engineering and quality.

Audi, a part of the VW group that lost considerable domestic sales, freely admits, it wants to move from its present gray area between the mass makers and the quality car producers. The only way is up.

#### Emphasis on Flexibility

Some examples include the use of assembly robots at Daimler-Benz. Opel's flexibility in making diesel or gasoline engines on the same lines, and the body assembly that lost considerable domestic sales, freely admits, it wants to move from its present gray area between the mass makers and the quality car producers. The only way is up.

**Fuel Revolution' Continues**

(Continued from Page 9S)

300,000 and a half million turbine cars could be in production in the early 1990s.

By using the latest ceramics, developed during the space programs, Ford has been able to raise combustion temperatures and improve efficiency.

Predictions based on the split-torque automatic transmission used in the U.S. version of the Escort are for 60 percent better fuel economy than is at present available. Another advantage of the gas turbine is that it can run on several fuels, liquid or gas, and is not, therefore, dependent on oil.

On the future of the electric car, manufacturers are still pessimistic.

The difficulties stem from the state of battery technology. Even the most advanced batteries are heavy and bulky, give a limited range and take several hours to be recharged.

Ford has pointed out that it takes 700 times longer to fuel an electric vehicle than to fill a tank with gasoline.

Also, studies by the Electricity Council in Britain have suggested that, when battery life is taken into account, electric vehicles are up to six times more expensive to operate than gasoline-powered cars. At the moment, the electric car seems to be limited in its application to short trips around town.

On other possibilities, Brazil has successfully introduced cars powered by alcohol, taking advantage of its ability to grow two sugar cane crops a year for the large-scale production of ethanol.

Elsewhere methanol, which can be made from coal, wood, sewage and certain waste materials, has been used, especially as a gasoline extender. Up to 15 percent of alcohol can be added to gasoline without significant engine changes being necessary.

— RICHARD FEAST

On the future of the electric car, manufacturers are still pessimistic.

The difficulties stem from the state of battery technology. Even the most advanced batteries are heavy and bulky, give a limited range and take several hours to be recharged.

Ford has pointed out that it takes 700 times longer to fuel an electric vehicle than to fill a tank with gasoline.

Also, studies by the Electricity Council in Britain have suggested that, when battery life is taken into account, electric vehicles are up to six times more expensive to operate than gasoline-powered cars. At the moment, the electric car seems to be limited in its application to short trips around town.

On other possibilities, Brazil has successfully introduced cars powered by alcohol, taking advantage of its ability to grow two sugar cane crops a year for the large-scale production of ethanol.

Elsewhere methanol, which can be made from coal, wood, sewage and certain waste materials, has been used, especially as a gasoline extender. Up to 15 percent of alcohol can be added to gasoline without significant engine changes being necessary.

## The Debate in Japan: Can the Giant Keep To Expansion Course?

By Jon P. Bird

THE Japanese automotive industry, which manages to keep on rolling despite growing international tensions and ever-tightening trade barriers, is a powerful collective economic force to be reckoned with in world markets everywhere.

Last year, Japan's 11 automobile and truck makers exported 6,048,447 vehicles, 3,649,542 cars, 2,017,521 trucks and 84,384 buses. These figures compare with slightly under 6 million units in 1980, and only 4.5 million units in 1979.

In addition, over 550,000 vehicles were exported last year in the form of knocked-down assembly kits.

But can the Japanese automotive industry keep on expanding, and exactly where do Japanese automakers stand on the export controversy?

The auto makers themselves are concerned with the key problem of survival. With the truck and car makers fighting for shares of both domestic and export markets, it seems almost impossible for all 11 firms to survive until the end of the century.

#### Internal Shuffling

Industrial experts foresee some internal shuffling among Japanese auto companies in the not too distant future. Toyota Motor Co. and Toyota Motor Sales Co., a marketing arm, joined forces recently to become the Toyota Motor Corp.

The Daihatsu Motor Co. and Hino Motors are major affiliates of the Toyota group, and the Yamaha Motor Co. has acted as Toyota's racing research and development arm for many years.

Under the Nissan corporate umbrella are Nissan Diesel and Fuji Heavy Industries, makers of the Subaru line.

This leaves the major independents — Honda, Isuzu, Mitsubishi and Toyo Kogyo — with survival problems of their own. Honda may be the only real loser in this group, but it is aggressively pursuing overseas markets on its own. Honda's links with British Leyland in building the BL Bounty, inspired by the Honda Civic sedan, gives the Japanese firm access to the European market. Honda's U.S. plant in Ohio is ready to start producing Accords for Europe, and Honda also has a tie-up with Daimler-Benz in South Africa.

Consolidation in the home mar-

ket, where possible, and internationalization in overseas markets where necessary, are the steps Japanese automakers are taking to ensure survival and growth.

The Isuzu Motor Co. has hitched its future to the General Motors Corp., which owns 32 percent of Isuzu and is expected to increase its holdings to 40 percent. The additional capital will be used to build new facilities to produce its STC car to a future 300,000 units a year, 200,000 of which are destined for GM.

#### Red Ink Danger

The Mitsubishi Motor Corp. U.S. connection is Chrysler, which owns a 15 percent share of the Japanese firm, purchased in the 1970s when the Chrysler Corp. was strong. MMC, backed by a powerful Mitsubishi group, now ranks fifth among Japanese auto makers and third among truck producers. MMC took over Chrysler's Australian subsidiary, and uses the captive import system in the U.S. through Chrysler to develop brand recognition. This means MMC can now open up its own completely separate marketing channels as well as continue to Chrysler links overseas.

Toyo Kogyo Co., which makes the Mazda line of automobiles, was drowned in its own red ink during the oil shock of the mid-1970s, when it was trying to sell fuel-thirsty rotary engines. Fortunately, the Sumitomo Group stepped in to save TK, giving it time to introduce other rotary engine cars like the Famic GLC/323 and Capella 626, which have done well in world markets.

#### Front-Wheel Components

The RX-7 sports car, with more fuel-efficient rotary engine also a hot seller.

However, TK's best bet comes not from Sumitomo, but from the Ford Motor Co., which purchased a 25 percent share of TK so that the company could come a reliable source for front-wheel drive car components to be marketed in Asia under the Ford (Laser) nameplate.

Even closer Ford-TK ties are likely in the future, as both firms take advantage of each other's marketing expertise in different parts of the world.

# 1981 Balance Sheet. Touchstone for the past. Foundation stone for the future.

Once again, in 1981, we had a good balance sheet.

Of itself, it provides only a relatively scant picture of the results achieved by our overall policy. But for those who have observed our activities over any length of time, it represents a confirmation of that overall policy, based on continuity and security for the future.

It is precisely in difficult times — and none of the past few years has been easy — that a company such as Daimler-Benz must think, plan and operate on a long term basis, bringing together two seemingly contradictory principles.

One is a steadfast and persistent adherence to the traditional principles of first rate technology, quality and serviceability, safety, durability and comfort; it is these that give our clients the confidence in our products that is the key to our long term success.

The other, however, is our active, forward-looking examination of changing conditions and new discoveries: we must and will find solutions for the future, in areas such as economy, reduction of pollution, the achievement of new markets.

Both are rightfully expected of us.

#### Market success based on a highly competitive range.

In a difficult year for the automobile industry, we managed to increase our car production from 429,078 to 440,778 units. Our marketing successes — or so we believe are based on our highly competitive production ranges and our worldwide customer service organization. The Mercedes-Benz "Energy Concept" has given us a considerable lead in fuel economy, enabling us to cut the fuel con-

#### DAIMLER-BENZ AKTIENGESELLSCHAFT

##### Consolidated Balance Sheet (summary)

	31st December 1981	31st December 1980
ASSETS	DM Mill.	DM Mill.
Fixed assets	5,790.9	4,479.9
Net Current assets	14,321.3	12,723.5
<b>Balance sheet total</b>	<b>20,112.2</b>	<b>17,203.4</b>

##### Consolidated Profit and Loss Account (summary)

	1981	1980
	DM Mill.	DM Mill.

<tbl\_r cells="3" ix="1" maxc

## AUTO INDUSTRY

## Ford of Britain Banking Heavily On Success of New Sierra Model

Nowhere in Europe does Ford sell as many cars as it does in Britain. Last year the total was 235,000, or almost one in three cars.

The medium range Cortina, or Amico, now replaced by the sleek Sierra, was the No. 1 seller, as was for most of the past decade. The importance of the Sierra to Ford of Britain cannot be over-emphasized. In earning terms it is the most important car in the company's model lineup. Ford is looking for the same sort of numbers with the Sierra as it achieved with Cortina, to allow it to maintain its impressive profits record of recent years.

Ford of Britain is one of the few in the company's somewhat diminished worldwide crown. On the face of it, its money-earning Ford would tend to scratch the common notion that the country is a really a good place to make car cars these days.

In truth, it is not. But it is a good place to sell cars, as the high level of imports, nearly 60 percent, indicates. Companies like Volkswagen-Andi, Volvo, BMW and Mercedes-Benz have shown strong, consistent growth in Britain, attracted by the high retail prices that were established in better times by a stronger domestic industry.

Ford's dazzling succession of cars, as good and consistent as any in Europe, were achieved by a car it sells in Britain rather than those it manufactures there. All of new Fords are from the company's more efficient factories in Germany, Belgium, Spain and the Republic of Ireland.

Other British volume makers, including General Motors' Vauxhall

and Peugeot's Talbot, followed a similar European sourcing policy, though they have signally failed to make money. BL, the state-owned group which does not have the luxury of tied imports, is still one of the auto world's great money losers.

## Specialists Also Hit

Even the small, specialist automakers, of whom there are several in Britain, are finding the going tough. Rolls-Royce, whose customers one would expect to be immune from the recession, has suffered a drop of more than a third in domestic registrations.

This continued low level of domestic demand, where the vast majority of sales are made, means the year-end output will be below one million for the third successive year. However, in the short term the arrival next spring of a new generation of cars from BL's Austin Rover division may improve matters.

Ironically, the one event that did promise to change the industry's international standing, Nissan's now "suspended" auto plant in Britain, was largely opposed by the established makers. They identified the program as an assembly one, with few prospects of local orders for the decimated components industry and with every likelihood of making their own factories appear less competitive.

Thus Ford and BL are the only true volume automakers in the country. Vauxhall and Talbot are little more than assemblers for the home market.

Talbot, formerly Rootes and Chrysler-Europe, assembles vehicles from French components. It is

a shadow of its former self, and its future is dependent on the potentially lucrative on-off-on deal to supply component kits of defunct models to Iran. Given the volatile nature of Iranian business and politics it is a shaky prospect.

Figures released recently by the Society of Motor Manufacturers and Traders showed that Talbot's output slumped by more than 63 percent in the first half of this year, enough to wipe out improvements by BL, Ford and Vauxhall, and bring the U.K. total down from 491,178 in the first half of 1981 to 465,846.

Certainly Talbot's parent group, whose share of the European market has shrunk even more quickly, does not need the British manufacturing capacity.

## Vauxhall Looking Up

By contrast, Vauxhall has looked more healthy lately. GM's market share, including products from its West German Opel concern, has jumped three points in the space of a year, mainly on the strength of its Cavalier (Ascona). It is a picture that is common across Europe, where Opel has made large gains.

Vauxhall imports models from Opel factories in West Germany and Belgium. Soon it will be importing cars from a new Spanish factory as well, a move that could trigger a major union/company row.

The Spanish car is the Corsa, GM's first true competitor in the Fiat 127/Renault 5/Ford Fiesta super-mini category.

Vauxhall's one proper manufacturing job is the old Chevette, a

British Passenger Car Production					
Manufacturer	1981	1980	1979	1978	1977
BL	413,440	395,820	503,767	611,624	639,236
Delorean	7,409	—	—	—	406,640
Ford	342,171	342,767	398,694	324,428	406,640
Lotus	345	384	1,031	1,196	1,092
Reliant	89	582	876	832	2,392
Rolls-Royce	3,087	3,108	3,343	3,328	2,860
Talbot*	117,439	125,314	102,977	196,456	169,468
TVR	164	144	308	312	364
Vauxhall	69,932	55,002	58,765	84,032	93,236
Others	574	623	691	728	767
Total:	954,650	923,744	1,070,452	1,222,936	1,315,694

\*Formerly Chrysler UK, until acquired in 1978 by Peugeot SA.

low volume model that fits into a similar category.

Vauxhall denies that the arrival of the Corsa will mean the demise of the Chevette, but Vauxhall employees have seen the way GM's global planning has gone recently and are anxious about their future.

Ford already imports half its Fiestas from Spain, and sourcing from Spain has become a sensitive issue.

What irritates BL is that it cannot sell in the essentially closed Spanish market, while goods from Spain have no restrictions on their volume. However, the picture may change with the country's membership of the Common Market in the mid-1980s.

BL has little prospect of getting back on target until the arrival next spring of the first of the LC10 generation of cars. BL's Metro and Acclaim (a Honda clone) sell well enough, but it needs a big volume model in the Escort/Astra range.

It's more specialist. Jaguar and Range Rover remain in remarkably good demand, but whatever their gains, they are not enough to offset Austin Rover volume losses.

Another factor causing all makers concern is the substantial growth in private imports. The traffic has been hastened by the high retail prices in Britain and much lower prices in Belgium and

the Netherlands. It was partly in response to this trend that Ford cut its prices earlier this year.

Other makers pooh-poohed the idea of doing the same. They have done so, of course, simply because of Ford's marketing muscle and the disorderly state of the market.

What sales growth there has been was generated by the lifting of all controls on loans (previously one-third deposit and the remainder repaidable within two years). Given high interest rates, buying a car became a daunting prospect.

But the change in legislation and easing of interest rates led to a record August high of 302,000 car sales. It was sufficient to lift annual sales above the previous year's equivalent total, whereas they had been running in arrears.

It caused manufacturers to raise their year-end expectations on sales, if not on revenues.

Meanwhile, the motor industry is lobbying hard for the abolition of the special car tax. But many top auto industry executives believe it is too valuable an income for the exchequer and abolition is an impossible dream.

—RICHARD FEAST

## Fiat's Turnaround In Sales Brightens The European Scene

By Sari Gilbert

A AGREEMENT is hard to come by in Italy, but at present there is an undisputed consensus that a turnaround at Fiat, the giant Italian automobile maker, is the biggest success story around, all the more so since it has taken place against a background of general recession in the Western European car market.

After several years of losses, brought on by management errors, trade union troubles and a decline in product quality that has led to some English-speaking wits to claim Fiat stands for "fix it again, Tony," the world's eighth largest car manufacturer is once again riding high.

The company is back in the black with admittedly small net profit but rising from 51 billion in 1980 to 97 billion in 1981, and recent months have provided a plethora of encouraging signs, like a 21 percent increase in sales in 1981 and a 6 percent rise in exports.

Investments have increased significantly and productivity, which for a time had sunk far below Japanese and European standards, recently climbed 20 percent to respectable levels.

Most importantly, Fiat has regained its place as Western Europe's No. 1 car salesman. In the first seven months of this year, Fiat's share of the European market rose to 13.9 percent, compared to 13.7 percent in the same period of 1981.

True, this is a far cry from the golden days of the 1960s when 18 out of every 100 cars sold in Europe were Fiat. But it is a decided improvement from 1979 when the Fiat share had sunk back to only 11 percent.

## Home Market Gains

In Italy itself, recent performance is also inspiring. In a market that is contracting, although less severely than elsewhere on the Continent, Italian car manufacturers managed to capture 63.1 percent of the local market between January and June, up from 60.9 percent a year earlier.

And of this 51.9 percent was won by Fiat's aggressive sales policy and restrained pricing. Indeed, of the 10 most popular cars in Italy, the top four, the 127, the Ritmo, the Strada, the Panda and the 131, are Fiat, and two of the other six

the Autobianchi A-112 and the Lancia Delta, also belong to the Fiat stable. July was an unprecedented boom month, with Fiat's share of the market at 35.3 percent, equal to 82,770 cars.

All this has understandably led to a certain amount of optimism. Gianni Agnelli, chairman of the Turin-based conglomerate of 460 companies in 60 countries, admits that recovery is not total and has predicted that 1982 would be a difficult year, but he recently appeared sanguine about Fiat's prospects.

"The difficulties of the future do not find us unprepared," he told shareholders at the annual meeting this summer.

Fiat emerges strengthened from the trials of the past: more solid financially, more innovative in its products, more aggressive in commercial penetration.

## Changes Paying Off

The fact is that in the aftermath of the slump that followed hard on the 1973 oil crisis, a series of changes in production, management, design and labor policy appear to be paying off. In the latter field, the high point of the company's last ditch attack on falling productivity and soaring absenteeism came in the fall of 1980 when the company withheld a seven-week strike that collapsed when 40,000 mid-level employees took to the streets in an unprecedented bid to return to work.

By withstanding the strike, Fiat won the right to lay off 23,000 excess auto workers and as part of a broader plan to reduce total employment and keep unsold car stocks to a minimum, thousands of other workers are being kept on a rotating short-time schedule. The company's aggressive labor policy has also had the effect of sharply reducing absenteeism, with the result that productivity has risen sharply.

Changes in management and production methods have also had far-reaching effects.

In the late 1970s the company was reorganized into a holding company heading 11 subsidies and in 1980 new men like Cesare Romiti, managing director, Francesco Paolo Mattioli, general manager, and Vittorio Ghidella, auto chief, were moved into the top slots, bringing about a division between ownership and management long desired by Mr. Agnelli.

## Sweden Stable, but Remains Vulnerable to Hazards of Export Market

FTER FIGHTING for its life during most of the 1970s, the Swedish auto industry seems to have entered a more stable period.

But Sweden's population of only eight million is too small a home market to guarantee a firm base and this means that the car industry is forced to sell about 70 percent of its output abroad. This makes Volvo and Saab particularly vulnerable to sudden currency changes and the other hazards of selling overseas.

Both companies, too, are hampered by their size. Even counting Volvo's Dutch operation, they can muster a combined capacity of only half a million units. This is not nearly enough to reap the economies of scale, in design and manufacture, that are available to a Renault or a Volkswagen.

Nor can Saab and Volvo afford to change their models as often as they would like.

Both the Saab 99/900 and the big Volvo go back to the 1960s, though the latter will gradually be phased out in favor of the 7 series launched earlier this year.

A total of 258,000 cars was produced in Sweden last year, an improvement on the 235,000 of the previous year but still well below the 317,000 made in 1976. Volvo managed to increase its output by 22,000 to 192,000 and had a good year in the United States, but Saab production, at 66,000, was the same as in 1980 and meant that the

company was again operating at only two-thirds of capacity.

Without the resources to devote to frequent model changes, Saab has had to make the best of an old design. The stretch of the 99 into the 900 was a useful holding operation, but even the 900 is several years old.

Where Saab has scored is in being the first manufacturer to grasp the opportunity of turbocharging as a means of increasing performance without a proportionate penalty in fuel consumption. The 900 turbo has accounted for up to one third of all Saabs sold and almost every manufacturer, big and small, has paid Saab the same as in 1980 and meant that the

company was again operating at only two-thirds of capacity.

For those who have perceived the traditional large Volvo as a somewhat tank-like vehicle, the 760 will come as a pleasant surprise.

Lower, wider and slightly shorter than the 264, it has a distinctive wedge shape with sloping hood and sharply angled windshield. The near-vertical angle of the rear window with the trunk is an unusual piece of styling which helps the aerodynamics of the car.

The turbocharged diesel version, using a six cylinder Volkswagen unit, is as smooth and quiet as any diesel on the market, beats nearly

all of them on performance and returns excellent fuel economy.

The 760 arrives, however, at a time when sales of large cars have been falling away alarmingly and however good it is, Volvo may not reap the full reward from it. That is why its second model line, the 300 Series built in the Netherlands, may assume greater importance.

Taking over the former Daf car operation has proved a mixed blessing. There were serious teeth problems with the car and it ran up such losses that the Dutch government was forced to step in and increase its stake from 45 percent to 70 percent.

—PETER WAYMARK

GMC S-15 BUCK SKYHAWK OLDSMOBILE NINETY-EIGHT REGENCY CADILLAC FLEETWOOD BROUGHAM PONTIAC 6000 LE CHEVROLET CAMARO Z28-E

General Motors invites you to enter the World of Motion.

American luxury cars and trucks. GM's newest offerings are designed with sensible engineering, sleek aerodynamics, efficient engines and stringent safety standards. They are assembled with the aid of robots, laser beams and gamma rays.

And, as always, they are designed for your

comfort, convenience and driving pleasure.

Above, you see merely a sampling of the New Americans from General Motors. So, come to Walt Disney World's EPCOT Center. Or, see your authorized dealer for General Motors North American vehicles.

Either way, you'll enter the World of Motion.

GENERAL MOTORS

GENERAL MOTORS

## INTERNATIONAL BUSINESS / FINANCE

THURSDAY, SEPTEMBER 30, 1982

## WALL STREET WATCH

By EDWARD ROHRBACH

## Making Big Money in Stocks: A Science or an Artful Craft?

What does it take to make big money on the stock market? Timing? Luck? Inside information?

Try "artistry." That is the formula Harold B. Ehrlich sees as the edge really successful investors have over the herd.

Mr. Ehrlich is chairman of Bernstein-Macmanus, a subsidiary of Shearson/American Express. An interest-rate specialist, he directs management of \$9 billion, mostly in money market funds. Mr. Ehrlich, also an economist, is a former securities analyst and brokerage house research director.

"Because of all the numbers, the technical data, people think it's a science," he said. "Sure, you have to get a handle on that — Picasso was a great craftsman. But beyond, where not many are gifted enough to venture, the rewards of Wall Street are for the highly intuitive, the highly artistic."

As for the "numbers," Mr. Ehrlich believes the U.S. economy is in the opening stages of a recovery.

Nothing spectacular — a rebound by the fourth quarter of 3½ percent, only half of what the gross national product grew coming out of the last recession in 1975.

Three main elements, he said, are spurring the upturn: 1) The government's "pouring" of money into defense spending, which will spill over into the rest of the economy; 2) the easing by the Federal Reserve of the money supply, and 3) the impact of consumer spending, especially since inventories are so low ("Americans lucky enough to be employed are relatively flush," he said.)

"The economy drives the money supply, not the reverse," he asserted. "Therefore, the money supply will grow."

But the psychological effect of this, Mr. Ehrlich added, will be renewed inflationary fears and concern that the Fed will tighten the screws.

"Good news will be bad news. Interest rates, which have stopped going down, may well bob up again soon and put a cap on the stock market short term."

In December, however, Mr. Ehrlich thinks perception of the U.S. economy will be much cheerier than now. "By Christmas it could well be a rosy picture, with inflation down to no more than 5 percent on an annualized basis and up-ticks appearing in corporate profit projections. Stocks will benefit."

But as the economy gains momentum into the new year, he predicts "ideologues" in the Reagan administration and Federal Reserve will focus on the specter of renewed inflation. "No doubt about it," there will be a tax increase in the first half of 1983, while the Fed moves to restrain the money supply, he said.

"Therefore, I'm very concerned about another recession in the second half of 1983."

## Keller's Gloom on Car Sales

For the moment, no one argues with the view that the U.S. economy is still sputtering down the stretch like an old clunker. And Paine Webber's Maryann Keller, the Cadillac of automotive industry analysts, has scaled back her estimate for 1982 U.S. new-car sales.

"They might be as low as 7.7 million," she said. That would be the lowest level since 1958 and compares with 8.5 million cars sold last year.

Most analysts still see 1982 sales around 8 million.

Ms. Keller, attending the Paris auto show, wants a look at new models being introduced by General Motors and Ford — the "Corsa" and "Sierra," respectively.

GM, put on her abbreviated buy list last May, remains the analyst's No. 1 pick. Praising its "financial and product flexibility," she also likes GM's change in philosophy, which has backed away from the what she called the arrogant assumption that "people would pay anything to own their cars." GM's effort to reach agreement with Toyota for using its small-car expertise is an example of the proud automaker's climb-down, she said.

Subaru of America is her only other recommendation. She has touted the stock for nearly three years, while it has sped from \$8 to over \$40 in over-the-counter trading. Subaru's earnings, she forecasts, will split to \$3 a share in 1983, up from about \$6.80 this year and \$4.36 in 1981.

Ms. Keller also follows auto parts manufacturers. Her pick: General Motors because it is undervalued and has "very bright long-term growth prospects."

Her latest 1982 earnings forecasts: GM between \$3 and \$3.50 a share; both Ford and American Motors losing as much as \$3 a share (though she thinks AMC could earn \$1 a share in 1983); for Chrysler she predicts \$4 in 1982, with all but 70 cents of this coming from extraordinary income. Nimble traders could probably make money on these last two, she said, buying on higher profit expectations, then selling into rallies as the better results are actually reported.

## Merrill's Picks for Growth

Merrill Lynch's newly published "emerging growth" stock list features 28 smaller, dynamic companies rated buys for both short- and long-term.

They are Anixter Brothers, Atlas Van Lines, Bowe, Commercial Alliance, Community Psychiatric, Computertronics Systems, Family Dollar, FlightSafety International, Harper Group, Hiptronics, HON Industries, Hunt Manufacturing and Impell.

Also IMI International, International Aluminum, Kelly Services, Kindercare Learning Centers, Lawson Products, L. Luria & Son, Miller, Olsen, SCOCA Industries, Sensorsonic Electronics, Stewart Information Services, Sysco, Towle Manufacturing, Triangle Pacific and Voh Information Sciences.

Value Line's highlighted stock this week is Mary Kay Cosmetics. A direct selling (door-to-door) company, it sports a high price/earnings ratio but profits are projected up 40 percent this year.

International Herald Tribune

## SEC Accuses 2 Santa Fe Officials

Compiled by Our Staff From Dispatches  
WASHINGTON — The Securities and Exchange Commission said Wednesday that a director of Santa Fe International made \$27,800 in profits by improperly using secret information of a take-over offer.

On Tuesday, the general counsel of a division of Santa Fe was accused in an SEC lawsuit of using inside information before the deal's acquisition by Kuwait National Petroleum to generate \$787,000 in stock market profits for himself, a friend and relatives. The Santa Fe merger case is believed to have generated about \$8 million in illegal profits.

The SEC said Santa Fe Director David N. Keaton Jr. agreed to abide by a permanent injunction granted the commission by a federal court Wednesday forcing him to return \$278,750 in profits without admitting or denying the complaint.

The SEC said in court that Mr. Keaton purchased Santa Fe stock through a numbered account at a Swiss bank last year after he learned that the state-owned Kuwaiti oil company was to announce a \$2.5-billion bid for Santa Fe. Such insider trading is prohibited by securities laws.

Soon after the merger announced

## \$87-Million Satellite Launched by Intelsat

CAPE CANAVERAL, Florida — An \$87-million communications satellite capable of carrying 14,000 telephone calls and two television channels was launched Tuesday by Intelsat, the International Telecommunications Satellite Organization.

Thirty of the satellite's circuits have been leased by the International Maritime Satellite Organization, a 37-nation maritime group based in London.

continuing operations of \$23.7 million. American Can had net income last year of \$76.7 million, or \$3.77 a share, on revenue of \$4.8 billion.

American said PennCorp shareholders will receive for each share \$13.75 in stated value of American Can preferred stock or principal amount of American Can notes. It also said it has obtained options to buy for cash newly issued PennCorp shares and PennCorp's outstanding warrants.

American Can said that, if it exercises the options, it will own 30 percent of PennCorp's shares.

The transaction, subject to approval by shareholders of both companies and by regulatory authorities, is expected to be completed in the first quarter of 1983, American said.

It said PennCorp, which sells term life insurance, will be operated as a unit of American's Associated Madison Cos. subsidiary as the cornerstone of a new American Can financial services sector.

American said the PennCorp acquisition would more than double the size of its financial services sector.

After-Tax Charge

The company said its decision to divest and realign certain of its assets and operations will result in an after-tax charge of about \$175 million, or \$9.50 a share, which will be partly offset by a gain of about \$1 a share from the sale of American's major paper-related operations to James River Corp. in July.

The changes "will allow us to direct our resources to growth strategies, including acquisitions, in our existing businesses," the company

(Continued on Page 15, Col. 1)

## CURRENCY RATES

Interbank exchange rates for Sept. 29, excluding bank service charges.							
	\$	£	DM	FRF	HL	CFP	DM
Switzerland	2,363	4,473	109.51	382.74	6,1947	127.44	31.32
Brussels (euro)	4,224	8,245	19,422	4,6767	12,625	—	5.25
Frankfurt	2,245	4,284	—	1,778	9,12	—	22,625
London (euro)	1,896	3,628	100.20	3,6280	5,625	—	26.40
New York	1,621.30	2,610.50	200.55	2,607.29	5,124	2,607.29	146.85
Paris	7.12	12.17	202.25	—	1,0165	207.95	14.85
Vienna	2,162	4,047	255.85	26.38	6,125	70.37	24.55
SCD	0.9221	0.8467	2,352	6,644	2,076	45,6977	2,0762
SDR	1,6727	3,291	77.61	2,0444	2,0444	22,279	9,67
Dollar Values							
1 Euro	1.2055	1.2055	1.2055	1.2055	1.2055	1.2055	1.2055
Australia \$	1,657	0.6248	1,657	1,657	1,657	1,657	1,657
Australian dollar	17.75	0.6228	17.75	17.75	17.75	17.75	17.75
Swiss franc	5,140	1.259	5,140	5,140	5,140	5,140	5,140
Canadian \$	1,203	0.6216	1,203	1,203	1,203	1,203	1,203
Canadian dollar	1.203	0.6216	1.203	1.203	1.203	1.203	1.203
French franc	1,117	0.6117	1,117	1,117	1,117	1,117	1,117
German mark	1,117	0.6117	1,117	1,117	1,117	1,117	1,117
Swiss franc	7,428	0.6102	7,428	7,428	7,428	7,428	7,428
Hong Kong \$	1,203	0.6207	1,203	1,203	1,203	1,203	1,203
Irish £	0.7391	—	—	—	—	—	—

1 Euro = 1.2055 (Irish £)

(a) Commercial franc, (b) Amounts needed to buy one pound, (c) Units of 1,000.

## France's Top Automakers Are Undeterred by Losses

By Axel Krause  
*International Herald Tribune*

PARIS — France's two largest automakers — one nationalized, the other privately owned — are showing they do have some things in common: red ink, labor troubles and future expansion strategies.

The nature of our ownership doesn't seem to be playing that much of a role in the present, turbulent state of the industry," an executive of one of the companies said Wednesday. "Things are rough for both of us," he added.

The executive made his comment following announcements by state-owned Renault and Peugeot, a private company, that they expect to report substantial losses for 1982.

Addressing newsmen at the Paris auto show, which will be opened Thursday by President Francois Mitterrand, company executives also reported rising sales for their companies and said they were pursuing expansion programs, amid soaring operating costs.

Bernard Hanon, Renault's president, said he was "guardedly optimistic" about his company's future performance and about the sales outlook for the West European automobile market. Total European car sales will rise to 9.9 million units this year and to a somewhat higher level in 1983, Mr. Hanon said.

Renault's worldwide sales in 1982 will increase to a record 2 million units, compared to 1.8 million in 1981, which means that the company this year may surpass the sales volume of Volkswagen, Europe's leading automaker. Renault executives said.

(Continued on Page 15, Col. 2)



Bernard Hanon

## N.Y. Stocks Slide On Rate Concerns, Economic Outlook

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange fell sharply Wednesday, reflecting Wall Street worries about interest rate trends and the gloomy economic outlook.

Analysts said the market also came under pressure from President Ronald Reagan's statement at a news conference Tuesday night that unemployment could rise to 10 percent from the current 9.8 percent.

The Dow Jones industrial average slid lower throughout the day to finish at 906.27, down 13.06 points, the largest one-day drop since Feb. 1, when the average plunged 19.41 points. Declines overwhelmed advances by about 11 to 4 and volume totaled 62.5 million shares, compared to 65.9 million Tuesday.

## Predictions Mixed

Analysts said that investors were disappointed that other major banks did not reduce their prime rate along with Bankers Trust, which cut its prime rate Tuesday to 13 percent — its lowest point in two years — from an industry-wide level of 13½ percent. The only other bank to match Bankers Trust's action was Mitsui Manshukin.

Lacy Hunt, economist with Fidelity Bank, said other major banks will probably not lower their prime rates further until money supply growth falls within the Federal Reserve's target range.

Some economists said, however, that other major banks will likely follow Bankers Trust's cut in the prime in coming weeks, though they may not trim the rate immediately.

Leonard Sanlow, economist at J. Henry Schroder Bank & Trust, said a 12½-percent prime rate is possible by late December, given a weak economy and further easing by the Fed. He said most major banks may delay until the next term outlook for monetary growth and Fed policy becomes clearer.

Despite above-target money growth, current economic weakness should prevent the Fed from firming policy and the central bank probably will let interest rates drop further when money growth slows, he said.

Maria Ramirez, a Merrill Lynch economist, said a 13-percent prime may become the industry norm in the next few weeks, especially if bank loan demand remains slack.

She said the \$2.7-billion rise in U.S. commercial and industrial loans reported by the Fed on Friday was probably associated with borrowing for the Sept. 15 tax date rather than with a real resurgence of loan demand.

## Gold Slides \$18 In Comex Trading

Compiled by Our Staff From Dispatches

NEW YORK — The price of gold plummeted nearly \$2 Wednesday through the important \$400-an-ounce mark in trading on the New York Commodity Exchange.

Dealers cited a growing concern that the expected further decline in U.S. interest rates may not materialize.

Gold for delivery at the end of the week ended at about \$393.50 an ounce, off about \$



## BUSINESS BRIEFS

## Caterpillar Sees Losses, Slack Sales

PEORIA, Illinois — Caterpillar Tractor expects a third-quarter loss before taxes of about \$120 million to \$140 million, and even greater fourth-quarter losses, it said Wednesday. The company said its overall 1982 sales will be about 30 percent below those of 1981.

Caterpillar said sales for the third quarter would be lower than for the second quarter, despite \$300 million of shipments to dealers made under various inventory plans. The company posted sales of \$1.85 billion in the second quarter.

Caterpillar said more than two-thirds of the third-quarter loss is expected to be offset by tax credits and negative income taxes and added that similar breaks would partially offset its fourth-quarter loss.

It said production schedules and the number of salaried employees will be further reduced. Its capital expenditures for 1983 will be about \$500 million, or \$175 million less than earlier projected.

## Bührle Sees No Profit Improvement

ZURICH — Oerlikon Bührle Holding said Wednesday that consolidated profit is unlikely to improve this year, but group sales should rise to 4.1 billion Swiss francs (\$3.86 billion) from last year's 3.99 billion.

Group net profit fell to 24 million Swiss francs last year from 195.9 million in 1980, and the board decided to cut the dividend to 10 percent from 15 percent. Group sales in the first eight months of 1982 were slightly higher than in the same 1981 period, the company said in a letter to shareholders.

Order volume for smaller anti-aircraft weapon systems is reaching remarkable proportions in the military products division, Bührle said. But sales in the machines division will probably decline 20 percent from last year, it said. The company said the automotive division continues to profit from good sales of the Pilatus Aircraft, and the Bally Shoe division is also expected to show a substantial improvement in earnings.

## Ericsson Seeks to Buy Part of Facit

STOCKHOLM — L.M. Ericsson, the big Swedish telecommunications company, is negotiating with Electrolux, a Swedish maker of home appliances, to buy its Facit electronics subsidiary, Ericsson said Wednesday. The transfer, which will not include Facit's North American operations, is planned for Jan. 1.

Facit, which was taken over by Electrolux in 1973, produces data systems, microcomputers and other electronic products. Its turnover last year was 1.3 billion Swedish crowns (\$206 million). Ericsson gave no financial details of the transfer.

## Electrolux Halts Talks With AEG

STOCKHOLM — Electrolux, the Swedish appliance maker, has broken off talks with AEG-Telefunken on managing AEG's household appliances division after determining that AEG's financial situation was "more complicated than anyone could have foreseen."

Electrolux said earlier this month that it was considering taking over the management of a portion of the AEG household appliances division, not including the subsidiaries Neff Werke, Zanker and Küppertbusch. The German electrical group declared itself insolvent in August and is attempting to restructure its operations.

## Toyota, UMW-Malaysia Form Venture

TOYODA, Japan — Toyota Motor and United Motor Works (Malaysia) Holdings have signed an agreement to establish a joint venture company in Malaysia, to be called UMW-Toyota Holdings, to assemble Toyota-designed small cars for sale in Malaysia.

Toyota will own 15 percent of the joint company and UMW 52 percent, with the remaining 33 percent shared by undisclosed government-controlled financial institutions in Malaysia, it said. The company will be capitalized at 50 million Malaysian dollars (\$21.2 million).

Toyota said the new enterprise will purchase four local companies including Borneo Motor, an affiliate of Incheaps (Malaysia Holdings), which now assembles Toyota cars, to take over the business. Industry sources said the new company will produce about 23,000 cars a year in a plant in Shah Alam, the capital of Selangor state.

## MIM to Buy Part of 2 German Units

FRANKFURT — Metallgesellschaft said Wednesday that it has agreed to sell 50 percent of its Ruh-Zink subsidiary to MIM Holdings, the Australian mining concern. MIM will also buy 33.3 percent of Rheimzink, which is two-thirds owned by Metallgesellschaft's Vereinigte Deutsche Metallwerke subsidiary and one-third owned by Grillo Werke.

As part of a cooperation plan, MIM will provide Metallgesellschaft with 60,000 metric tons of zinc concentrates per year, a figure that will rise to 100,000 tons a year in 1985. Metallgesellschaft said the Ruh-Zink plant has been affected by the structural crisis depressing the European zinc industry and an agreement to secure zinc concentrate supplies was essential.

A Metallgesellschaft spokesman declined to comment on the price being paid by MIM, but industry sources placed it at less than \$30 million. Ruh-Zink has a nominal capital of 37 million Deutsche marks (\$14.5 million), while Rheimzink has nominal capital of 12 million DM.

Compiled From Agency Dispatches

## American Can Renault and Peugeot Announces Undeterred by Losses

(Continued from Page 13)  
it said. It said it intends to expand into other areas of the financial services market "as appropriate opportunities arise."

American Can said it would pay PennCorp shareholders a total of about \$264 million in stated value of preferred stock and notes. It said the exercise of the options would cost \$31.4 million cash.

American Can said holders of up to 25 percent of PennCorp's outstanding common would receive shares of a series of convertible preferred. Holders of up to 64 million of PennCorp stock, less the number of the shares exchanged for the convertible preferred, would receive shares of a series of nonconvertible preferred. Shares of both preferred series would have one vote per share.

American Can said the convertible preferred would be issued in the ratio of one share per two PennCorp common shares and would have a stated value of \$27.50 a share, as well as a cumulative dividend of 75 cents quarterly.

The shares would be convertible into American Can common stock in a ratio equal to \$27.50 divided by the average market price of American Can common during a period that has not yet been determined.

## Rate Not Yet Set

The nonconvertible preferred, on which the dividend rate has not yet been set, would be issued in the ratio of \$13.75 in stated value for each share of PennCorp common and would have a stated value of \$10 a share.

American Can said the transaction is intended to be tax-free to PennCorp shareholders who exchange their shares for preferred stock.

It said holders of up to 36 percent of PennCorp's shares would receive for each share \$13.75 in principal amount of 10-year senior notes or five-year installment notes, issued in \$1,000 multiples. The notes would be issued in minimum principal amounts of \$10,000 and would be non-negotiable. The interest rates will be set later.

American Can said it paid \$3 million to purchase an option to buy a warrant to purchase \$4.8 million PennCorp shares, or 20 percent of those that would be outstanding after exercise, from American Financial Corp.

## Fed Ties Strings to Citicorp Takeover

By Robert A. Bennett  
New York Times Service

NEW YORK — The Federal Reserve Board, in opening the California savings and loan market to New York-based Citicorp, has justified the move on the view that it would benefit competition in a period of weakness among the nation's thrift institutions.

The action Tuesday allowed Citicorp of New York, the parent company of the second largest U.S. bank, to acquire the Fidelity Savings and Loan Association of California. Immediately after receiving approval, Citicorp signed the necessary papers to complete the acquisition. For the first time, a New York bank will be able to collect consumer deposits in California.

The action culminated years of intense lobbying efforts by Citicorp to get a toehold in California's lush deposit market. In contrast to New York, where the banking industry has been growing slower than in most other states, California's banking market has been booming.

For that reason, many New York banks — especially Citicorp — have been trying to get into the California market. But they have been restrained by federal laws that prohibit banks from accepting domestic deposits outside their own states.

Only because Fidelity had failed did the federal authorities allow it to be taken over by Citicorp. The ailing Fidelity was closed by the California authorities last April 13. Since then, Fidelity was run as a receiver of the Federal Savings and Loan Insurance Corp.

The acquisition was permitted in the face of bitter opposition from most California banks and savings institutions.

Fidelity, with \$2.9 billion in assets, has 80 deposit-taking branches throughout the state.

Approval from the Federal Reserve was the last step in Citicorp's campaign. Earlier, it had gained approval from the FSLIC, which insures deposits in savings and loan associations, and from the Federal Home Loan Bank Board, which regulates savings and loan associations.

Citicorp won approval because, in bidding for Fidelity against California institutions, it asked for less financial support from the FSLIC than other bidders did.

Fidelity's primary purpose, for example, will still have to be to provide residential housing credit.

The FSLIC estimated that its cost of rescuing Fidelity's depositors would be \$143 million less under the Citicorp offer than it would have been if the next higher bid were accepted. Even so, the agency expects its cost to be \$165 million over 12 years if interest rates remain at high levels.

In addition, Citicorp agreed to

invest about \$80 million of capital in Fidelity to keep its net worth equivalent to at least 3 percent of its total liabilities.

In approving Citicorp's application, however, the Federal Reserve set conditions intended to assure that Fidelity would continue to operate as if it were a locally owned California institution.

In its letter of approval, the Federal Reserve listed seven conditions to restrict what Citicorp could do with Fidelity.

Fidelity's primary purpose, for example, will still have to be to provide residential housing credit.

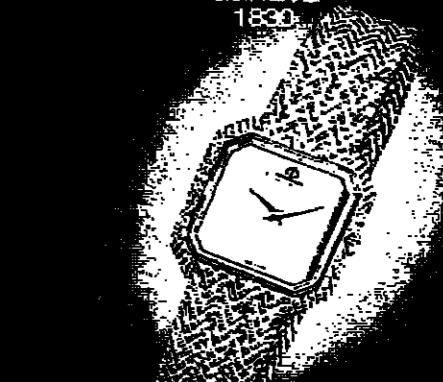
The Fed also said Citicorp must divest itself of certain of Fidelity's real estate development activities in which bank holding companies are not allowed to engage.

In addition, although the Federal Home Loan Bank Board has allowed savings and loan associations to operate across state lines, the Federal Reserve has barred Fidelity from such activity.

The Federal Reserve also directed Citicorp not to link any of Fidelity's functions with those of any other Citicorp subsidiaries.

Responding to the Federal Reserve's decision, Linda Tsao Yang, California's commissioner of savings and loans, reiterated her opposition to the Citicorp acquisition. She said in an interview that Congress had made clear its preference for in-state mergers and that the recent drop in interest rates had made it more likely that a California thrift institution could operate Fidelity successfully.

BAUME & MERCIER  
GENEVE  
1832



The Jeweler  
you should not miss...

## EDWARD JEWELS

Via V. Veneto 187  
Tel. 49 38 09  
Roma

BEAR  
STEARNS

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

1,000,000 of the indicated shares represents a New Issue.

## 1,252,500 Shares

## Delmed, Inc.

## Common Stock

Price \$7.25 Per Share

of the above

## 817,000 Shares

were placed in the United Kingdom by

Bear Stearns International Corporation,  
London  
a wholly-owned subsidiary of

## Bear, Stearns &amp; Co.

Members New York Stock Exchange, Inc.

New York/Atlanta/Boston/Chicago/Dallas/Los Angeles/San Francisco  
Amsterdam/Geneva/Hong Kong/London/Paris

## INTERNATIONAL EXECUTIVE OPPORTUNITIES

PETROLEUM ENGINEERS/RESERVOIR ENGINEERS/  
PETROPHYSICISTS (LOG ANALYSTS)  
GEOLOGISTS/GEOPHYSICISTS  
at salaries up to £27,900A new perspective  
in UK energy  
exploration  
and production

Reservoir Evaluation Specialists working within the Department of Energy's Petroleum Engineering Division at a level of involvement with the UK oil and gas industry which is unique. In ensuring that natural reserves of oil and gas are fully explored and exploited, in promoting good oilfield practice, they gain an invaluable and exciting overview of operations as well as valuable experience.

Successful candidates will work in London-based interdisciplinary teams and will have opportunities for travel, mainly in the UK but occasionally overseas. They will have access to the in-house supercomputer, and to other R & D facilities.

Posts are available at a number of levels in all disciplines. Applications for senior posts should have at least 10 years' experience in the oil industry including previous supervisory and interpretation experience and must have a degree in a relevant discipline. For less senior posts a minimum of 2 years' interpretive experience is necessary together with the relevant degree level qualifications. Suitably qualified specialists who are not British Nationals may be considered.

Reservoir Engineer posts — these posts may be attractive to Petroleum Engineers of wider experience (that includes reservoir engineering) but who would now like to specialize as Reservoir Engineers. Petroleum Engineering posts are also available in our Operations and

International Programs Director  
Education Development Center

Education Development Center, Inc., a nonprofit corporation engaged in educational research and development, is seeking a resourceful and entrepreneurial person to serve as Director of its International Programs division. EDC's work is supported by contracts and grants from U.S. and foreign government agencies and private foundations and corporations. Fields of interest include manpower development, basic education, medicine, institution building, family planning, and vocational training.

The International Programs Director will also serve as an Associate Director of EDC and will assist the President in the corporation's overall management. Qualifications include:

- Experience in the development and management of educational programs overseas, especially in developing countries.
- Entrepreneurial skills in initiating contacts, developing and marketing proposals, and arranging funding from national and international agencies, foreign governments, and foundations.
- Demonstrated ability to work constructively with a diversity of people and ideas.

Foreign language facility is desirable. A resume including salary history should be sent to:

Barbara Allison  
Secretary to the Search Committee  
Education Development Center  
55 Chapel Street  
Newton, MA 02160

Deadline for receipt of applications: October 30, 1982.

Salary: Open

EDC is an affirmative action/equal opportunity employer

## EXECUTIVES AVAILABLE

## INTERNATIONAL FOOD EXECUTIVE

Swiss, 25 years varied experience, fluent 4 languages, established North Spain, own office, tel., telex, sales activity, consultant, project director, negotiator. Well introduced Spanish industry and ministries.

Reply: Box 241, International Herald Tribune, Pedro Teixeira 8, Madrid 20, SPAIN.

## INSTITUTIONAL EQUITY SALESMAN

Paris-based major North American stockbroker/investment banker offers challenging position in the field of North American securities.

Candidate should have sound educational background and be experienced in the area of North American equity markets. He should have the ability to analyze research material and to relay it effectively to institutional clients in Europe.

Fluent English essential.

Applications will be treated in the strictest confidence.

Box D 1944, International Herald Tribune,  
92521 Neuilly Cedex, France.

"INTERNATIONAL  
EXECUTIVE OPPORTUNITIES"

appears every

Thursday, Thursday & Saturday

TO PLACE AN ADVERTISEMENT contact your nearest

International Herald Tribune

## Department of Energy







## SPORTS

**Unionized Sport and a Dry-Eyed Public**

By Peter Alfaro

New York Times Service

NEW YORK — Dick Moss recalled the time a friend persuaded him to attend a concert given by Liberace. The pianist was customarily dressed in a shimmering sequin suit and enough glittering jewelry to fill a display window at Tiffany's. But that wasn't the only manner in which Liberace flaunted his wealth. Moss said the entertainer spent more than half the performance talking about it, too.

What intrigued Moss even more was how the audience apparently enjoyed listening to his discourse on opulence. "Here he is, telling a midwestern, blue-collar audience how much money he makes — and they're applauding. I couldn't believe it."

Such applause does not appear to extend to athletes, who are entertainers too, and who the public knows are making big money, too.

Moss is an attorney who represents professional athletes. He also served as Marvin Miller's assistant in the Major League Baseball Players Association. When Miller was named as the full-time union leader in 1966, relations between the players and owners still were based on the reserve system. That system enabled the owners to control players' careers indefinitely. The system amounted to servitude.

"These players were not people," Miller said. "They were property. The owners would tell them when to play, where and for how much. The owners told them when they would be terminated."

## Resisted and Frowned On

Yet despite the fact that unions had become a part of the American way of life decades earlier, the union movement in professional sports has been resisted by owners and largely frowned upon by the public. A good example is the current National Football League strike, which has been met by fan disapproval.

What people, including fans and legislators, seem reluctant to accept is that sports is a multimillion-dollar business. Baseball still enjoys an exemption from the antitrust laws. The National Football League is currently seeking such exemption from Congress as well, despite the fact that a new television contract guarantees each of the 28 franchises \$14 million annually. That is one reason the NFL players are on strike for the second time in eight years. They want a bigger share of the wealth.

"I've never been able to figure out why fans side with the owners," said Alan Page, formerly an all-pro defensive lineman for the Minnesota Vikings and now an attorney and consultant to the NFL Players Association. "I suppose fans identify more with the players, and if they can't see more money in their jobs why should they?"

Some players have a glamorous life and make a whole lot more. Sure, it's a reason and there's no rational relationship to anything else for all this money that comes in. But we're not talking about whether it's right or wrong. It's there, and why should 28 owners keep most of it?

So the role of the players association should be like that of any labor organization. The association should represent the players in discussions of wages, hours and conditions of employment. A player is an employee trying to make a living, too."

But people think of athletes as men at play who are fortunate enough to be paid handsomely for it. Owners are portrayed as sportsmen dabbling in a hobby. In 1922, Justice Oliver Wendell Holmes wrote the unanimous Supreme Court decision that upheld baseball's antitrust exemption. He agreed with a lower court ruling that stated in part: "They are still sport, not trade."

As recently as 1972, Curt Flood, who had been an outstanding outfielder for the St. Louis Cardinals, lost when he challenged the antitrust exemption in court. Flood's suit was prompted when he objected to being traded to the Philadelphia Phillies.

"The decision in 1972 put owners above the law," said NFLPA President Ed Garvey. "It put the owners in a position to get rid of a player who talked about a union. If someone was out of line, you fired him."

Baseball, Miller said — and this also applies to the other professional sports — was considered a group of small businesses, mom-and-pop stores. As big as baseball has become, these were individual teams and people tended not to concentrate on the small-business aspect," he said.

"We think of unions in this country as gigantic industries, but most unions have only between 50 and 100 people. So the thinking in baseball tended to be old-fashioned. To the owners, the players were 'my boys.' He knew how to treat them and didn't want anyone to interfere."

Robin Roberts, a pitcher now in the Hall of Fame who was in the forefront of the union movement in the 1950s, said: "But when we hired Marvin, it was just to have someone other than an active player overseeing our pension fund. We had previously discussed the reserve clause with the owners but it never got anywhere."

"The owners made a mistake. Society had become more liberal. They should have adjusted the reserve clause without Marvin. But I guess I have to think these problems can be resolved without strikes. I just can't believe sports organizations are doing it."

## Major Gains

Moss' union background and leadership qualities enabled the baseball players to make major gains in benefits and salary. In 1970, the owners agreed to an impartial arbitration board to hear player-owner disputes. In 1972, players struck during spring training for a better pension plan and accomplished their goal.

In 1975, Andy Messersmith of the Los Angeles Dodgers and Dave McNally of the Montreal Expos challenged the reserve clause when they concluded that they had become free agents after their contracts expired. Peter Seitz, an arbitrator, ruled in their favor. Messersmith subsequently signed a lucrative contract with the Atlanta Braves; McNally retired before the decision.

The collective-bargaining agreement signed in 1976 modified the reserve system, as did a 50-day strike last year.

The National Basketball Association Players Association made its breakthrough in 1976. Rather than face the prospect of losing the Oscar Robertson lawsuit in court — a suit challenging the NBA draft and reserve system — the owners agreed to the most liberal free-agent policy in any sport at that time.

The pro-football labor movement has apparently had the least amount of success among the major professional leagues. A preseason strike in 1974 was largely viewed as a failure despite the fact the players won the right to become free agents. But with the compensation of the so-called Rozelle Rule involving high draft picks for the free agent's former team, there is more diversity among the rank and file than in any other sport.

Also, unlike baseball and basketball, the high-salaried stars in football are not strongly supportive of the union movement. "Ed Garvey never appreciated the union's political clout," Moss said. "A union can appeal to everyone, but he wrote off the stars. Thus, he eliminated the leadership. It's the stars who provide that element."

NFL owners also seem to work together more than their counterparts in the other sports. Gate revenues and television money for the regular season are shared equally, whether a team finishes first or last. The players association contends that eliminates the incentive to win and to bid competitively for free agents.

When Vince Ferragamo, a highly regarded quarterback, played out his option with the Los Angeles Rams after the 1980 season, no NFL team offered him services. Ferragamo spent a year playing in Canada before rejoining the Rams this season. When the American Football League became a viable alternative and began raiding the NFL's some of its big-name players in the early 1960s, the older league wisely agreed to the merger it had initially resisted.

Still, Wellington Mara and the Rooney family, two longtime NFL owners, say they think a union is necessary. "My grandfather was in the Homestead Steel strike," said Dan Rooney, whose father, Art, is the patriarch of the Pittsburgh Steelers. "I think unions are great and there is a need for them — even though, sometimes, poor leadership leads them over the deep end."

I know that in 1955, when the players came to my father and asked whether they should join the union, he said that if the union could negotiate a pension for them, then they should join. I think we've always had a good relationship with our players. We treat them as people."

Mara, a member of the NFL Management Council with Dan Rooney during the 1974 negotiations and strike, also supports the union concept. "I think I'm pro-union," he said. "At this stage in our league history, we need it. It gives us and the players a chance to discuss things instead of winding up in court."

## What They Wanted

What the NFL players wanted was the freedom to sign with a team of their choice once they fulfilled the obligations of their existing contract, but because free agency has not given the players the leverage that Garvey envisioned, he decided to approach these latest negotiations with a demand that the players become partners with the owners.

He said they should receive 55 percent of the profits, a demand many players thought was unreasonable and one flatly rejected by the owners. The players union changed that demand on the eve of the strike and are now asking 50 percent of the television money.

One former player representative, who requested anonymity, added that the union should not be bargaining for long-term contracts anyway.

Because a player's career expectancy is only 4½ years, most are no longer active when a new collective bargaining agreement is being negotiated, he reasoned. Thus, Garvey is constantly in a position of trying to unite young, impressionable players, instead of hardened veterans.

Moss said that because the pro football player is the most sheltered of all professional athletes, he is naive about his rights as a union member. In major league baseball, most players have been through the mill as employees," Miller said. "Most were drafted out of high school or after a year or two of college. They played under substandard conditions in the minor leagues. They rode buses, got moved around, had no minimum salaries or security. They lived in the real world and it was an enlightening educational experience."

The football player was the big man on campus. Then he comes to the pros and the coach is a god. It isn't until after his career that he pays dues, when he faces permanent injury and realizes he was the lowest-paid athlete. Then he realizes he's been a fool."

"For ball players we prima donna," said the former player rep, who was an all-pro during his career. "And they are conditioned differently than other athletes at their own."

aside their own interests for the benefit of the team. That isn't the case in baseball or even as much in basketball. Individualism is taken out of football. The individuals are weeded out. When you are always thinking in terms of the team, it's hard to think of your own interests."

What all sports unions have provided, however, is legal counsel and support for player grievances. That has given such players as Dick Bakus, the former Chicago Bear linebacker whose knees required surgery even after he retired, the incentive to sue their teams for malpractice. Bill Walton sued the NBA's Portland Trail Blazers, saying he thought the team physician was concealing the severity of Walton's foot injury.

The system of impartial arbitration in matters such as these has changed the discipline methods of teams," said Larry Fleischer, counsel for the NBA Players Association. "Before, we were not getting any justice from the commissioners."

## Less Than a Man . . .

"We have a workers-compensation lawyers in every city now," Garvey said. "They keep us up on the laws and we provide the information to the players. So more players are filing for workers' compensation. Management always kept this information from them. Management made it seem a player was less than a man if he filed for compensation."

The high injury rate and short career expectancy are reasons, Garvey said, that the labor movement in the country understands why the players are on strike and why labor is supportive. This view does not seem to be substantiated by the fan reaction that greeted the strike.

Many fans seem to think the players already are making too much money. They do not perceive that a football player is an entertainer/athlete who should be able to command salaries close to those of movie stars and television personalities.

Although the country is in a recession and there is an unemployment rate of nearly 10 percent, pro football is thriving. In addition to the revenues generated by the television contracts, teams enjoyed record attendance for the first two weeks of the season. Football fans, it seems, are not affected by an economy in trouble. Or if they are, they still are giving season tickets top priority. Garvey said that was why the fan reaction must not deter the players.

When the players met at midfield to shake hands, the fans booted as if to say, "Get this settled." Garvey said, "It's the same as when there was a transit strike in New York. The guy who was riding a bicycle to work was not going to say, 'Gee, I hope they get a good contract.'

The players are concerned with what the fans think. It's important not to try to alienate them. But the baseball strike showed fans' displeasure is not long-lasting. This year, baseball attendance is way up."

"There are two groups of fans," Miller said. "The first type understands the economic battle between the employee and employer. The second group are the know-nothings. They are the hard-hat mentality who think these are lazy, spoiled bums playing a boy's game for a fabulously salary. And there are some who see what blacks in sports are making and they say, 'Look at me. Don't think it doesn't bother them.'

"So the fans are the customers and the players should have a certain concern. But should the fans' views affect the careers of players? Absolutely not. Just because they can't have their ballgame when they want doesn't mean we have to sell the players down the river."

There are players who think that the union movement in football can be broken if the current strike fails. But there are others who agree that sports unions are here to stay. If Garvey loses this battle, then another leader will emerge, perhaps one who has the labor background and expertise that Miller brought to baseball.

**New Metrodome Not Quite a Breath of Fresh Air**

By Bob Oates

Los Angeles Times Service

MINNEAPOLIS — The nation's newest domed stadium is: (1) A flop; (2) A godsend; (3) Both; (4) Neither of the foregoing; (5) Controversial.

For the first time in the modern history of architecture, an indoor sports stadium has been designed and completed without air conditioning. Even those who knew all about it could not believe that Minneapolis would go through with it. But it sure did.

As advertised, the \$55-million Hubert H. Humphrey Metrodome was ready a couple of weekends ago for Big 10 football and a National Football League opener.

And as you might expect in a windowless room with 55,000 sitting around without air conditioning, it was hot. On every steamy day in Minneapolis this summer — including the nights when the Twins played at home — it has been steaming in the Metrodome.

A domed stadium like this is a great community builder as well as an economy builder. It stimulates entertainment, cultural activities and all the other things that make a city vital," said Hennepin County Commissioner John Derus.

It also stimulated, of all things, action from the NFL Vikings. After taking a look at the Metrodome one day this summer, they sued the commission that built it, demanding changes. Said Coach Bud Grant, a man of few words: "It's hot in here."

After the Minnesota-Tampa Bay opener, Viking guard Jim Hough said he had trouble keeping his shoes on. "They were soaked be-

fore halftime," he said. "My feet were sweating so much I thought the shoes would slide off."

The Vikings, frustrated after many years in poorly built Metropolitan Stadium in suburban Bloomington, were embarrassed to find themselves in a place that was not, in their opinion, much better.

Their suit in district court details other deficiencies in addition to the air problem: retractable seats that are not properly retractable, obstructed seating, inadequate television facilities, a small press box and the fact that only 6,330 seats were constructed although 63,500 were promised. The loss of 1,000 seats is a loss of about \$150,000 annually for the owners' pockets.

Two other complaints were

lodged by Viking fans after the opener. First, there are no regulation parking lots near the dome, on the eastern edge of downtown Minneapolis. Fans have to ride shuttle buses from downtown lots.

And tailgate partying, a Minnesota institution, was crushed. Drinking — even beer — is illegal on downtown streets and parking lots.

But for all their complaining,

the Vikings — were it not for the players' strike — would still be playing in the dome, along with the Minnesota Gophers, and the Vikings would still be coming in record numbers.

"Wait till the first snowflake," said Klobuchar. "That will end the bitching."

For if the dome is a disappoint-

ment, it is also a harbinger of a brighter future in this part of the world, many of whose citizens say it is the best thing to happen to Minnesota since lakes. They say that air conditioning can and probably will be installed eventually. All it takes is money. In the meantime, despite the discomforts, Minnesotans have turned out in capacity numbers for both college and professional football.

## Packed

Fun-loving Minnesotans packed the dome three times in 36 hours opening weekend — Saturday morning for a Scandinavian festival, that night for college football and Sunday for pro football.

"The dome has the city throbbing again," said Minneapolis writer Jim Klobuchar.

A domed stadium like this is a great community builder as well as an economy builder. It stimulates entertainment, cultural activities and all the other things that make a city vital," said Hennepin County Commissioner John Derus.

It also stimulated, of all things, action from the NFL Vikings. After taking a look at the Metrodome one day this summer, they sued the commission that built it, demanding changes. Said Coach Bud Grant, a man of few words: "It's hot in here."

After the Minnesota-Tampa Bay opener, Viking guard Jim Hough said he had trouble keeping his shoes on. "They were soaked be-

fore halftime," he said. "My feet were sweating so much I thought the shoes would slide off."

The Vikings, frustrated after many years in poorly built Metropolitan Stadium in suburban Bloomington, were embarrassed to find themselves in a place that was not, in their opinion, much better.

Their suit in district court details other deficiencies in addition to the air problem: retractable seats that are not properly retractable, obstructed seating, inadequate television facilities, a small press box and the fact that only 6,330 seats were constructed although 63,500 were promised. The loss of 1,000 seats is a loss of about \$150,000 annually for the owners' pockets.

Two other complaints were

lodged by Viking fans after the opener. First, there are no regulation parking lots near the dome, on the eastern edge of downtown Minneapolis. Fans have to ride shuttle buses from downtown lots.

And tailgate partying, a Minnesota institution, was crushed. Drinking — even beer — is illegal on downtown streets and parking lots.

But for all their complaining,

the Vikings — were it not for the players' strike — would still be playing in the dome, along with the Minnesota Gophers, and the Vikings would still be coming in record numbers.

"Wait till the first snowflake," said Klobuchar. "That will end the bitching."

For if the dome is a disappoint-

ment, it is also a harbinger of a brighter future in this part of the world, many of whose citizens say it is the best thing to happen to Minnesota since lakes. They say that air conditioning can and probably will be installed eventually. All it takes is money. In the meantime, despite the discomforts, Minnesotans have turned out in capacity numbers for both college and professional football.

A domed stadium like this is a great community builder as well as an economy builder. It stimulates entertainment, cultural activities and all the other things that make a city vital," said Hennepin County Commissioner John Derus.

It also stimulated, of all things, action from the NFL Vikings. After taking a look at the Metrodome one day this summer, they sued the commission that built it, demanding changes. Said Coach Bud Grant, a man of few words: "It's hot in here."

After the Minnesota-Tampa Bay opener, Viking guard Jim Hough said he had trouble keeping his shoes on. "They were soaked be-

fore halftime," he said. "My feet were sweating so much I thought the shoes would slide off."

The Vikings, frustrated after many years in poorly built Metropolitan Stadium in suburban Bloomington, were embarrassed to find themselves in a place that was not, in their opinion, much better.

Their suit in district court details other deficiencies in addition to the air problem: retractable seats that are not properly retractable, obstructed seating, inadequate television facilities, a small press box and the fact that only 6,330 seats were constructed although 63,500 were promised. The loss of 1,000 seats is a loss of about \$150,000 annually for the owners' pockets.

